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THE IMPACT OF DRUGS ON AMERICAN BUSINESS AND THE AMERICAN ECONOMY

HEARING

BEFORE THE

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

OCTOBER 3, 1990

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(101st Congress)

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THE IMPACT OF DRUGS ON AMERICAN BUSINESS AND THE AMERICAN ECONOMY

WEDNESDAY, OCTOBER 3, 1990

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,
Washington, DC.

The committee met, pursuant to call, at 10:05 a.m., in room B-318, Rayburn House Office Building, Hon. Charles B. Rangel (chairman of the committee) presiding.

Members present: Representatives Charles B. Rangel, James H. Scheuer, Frank J. Guarini, Donald M. Payne, Lawrence Coughlin, Benjamin A. Gilman, Michael G. Oxley, F. James Sensenbrenner, Jr., Robert K. Dornan, James M. Inhofe, and Bill Paxon.

Staff present: Edward H. Jurith, staff director; James Alexander, press officer; George R. Gilbert, staff counsel; Rebecca Hedlund, professional staff; Michael J. Kelley, staff counsel; Robyn Rosenblum, professional staff; Christina T. Stavros, administrative assistant; William S. Smith, minority staff director; Mary Frances Valentino, minority staff assistant; Melanie T. Young, minority professional staff, and Sharon Vander Till, minority press secretary.

Mr. RANGEL. The Select Committee on Narcotics will come to order.

I really and truly believe that this hearing, because of the subject matter, is going to be the most important step that our Select Committee has taken.

I think that we can fairly well give up on the idea that our Federal Government is either willing or economically in the position to take on the problems that cause drug dependency in the United States.

I have just left a Democratic Caucus—I use "Democratic" since there's no other word, but I doubt seriously whether we have any Democrats or Republicans any longer. But they have agreed that the Congress may be out of business for the next 5 years in terms of legislation. We'll just be directed by summit, so you may be hearing a lot more from me than you have in the past, asking that you pass notes to the White House so that we can get back messages as to the direction that the Congress should take. Because if we don't raise revenues, then certainly we cannot create new programs.

But we are spending billions of dollars today for programs that we're locked into. I am asking, indeed, begging the private sector—you can stick by your previous commitments of no more taxes, but please help this Member, this committee, and your Congress to

review what we're doing with the taxes that you're already paying. Because unless we're able to produce for you an employable, talented, and skilled work force, then we cannot be on the competitive edge with a united Germany, a European Common Market, and an ever-growing Japanese market.

I'm going to ask each and every witness, if not today, then at sometime, to give me the benefit of your years of business experience to find out whether it makes any economic sense at all to spend $60,000 a year to keep a bum in jail; $20,000 to $25,000 for treatment that you and I and this government know is not working; and the tens of billions of dollars in medical expenses that we pay in taxpayers' dollars related to drug abuse.

I know it's tough. But no one can say it as eloquently as those of you who have served, and continue to serve, to make this Republic as great as it is. Politicians and elected officials are almost out of it. We have focused attention on this problem. Now I'm asking you, with all of the dedication that you've given to America in terms of making us competitive, to give us the benefit of your thoughts as to what we could do to redirect the existing dollars that we've got.

Now when I say "existing dollars," I'm not just talking about Federal bucks. Are you satisfied with what the school system is producing for you? Is the health of the employee and the level of skills possessed what you expect for the taxes you're paying? Are you getting your dollar's worth?

Is there something that somebody should be doing as relates to poverty?

I think we're out of business here as relates to joblessness, homelessness, poor schools, broken families, increased teenage pregnancies, school dropouts, health care, day care, recreation facilities—those are the things that we in the Congress obviously can no longer even dream about in view of the 5-year package that will be before us tomorrow.

If we talk about law enforcement—and my mayor announced yesterday: 9,000 policemen—that's a great thing for any politician to be able to talk about. How exciting—policeman on every corner, in every train, in front of every school.

But we can't see through you business people, can we? I mean, that's hogwash for the public. They love it—death penalties and more jails. That gets us elected. But it doesn't get through you CEO's, does it? You ask those burning questions somewhere—"What are you going to do with them after you arrest them? What courts are you going to put them in?"

In the city of New York, it looks like a pigpen where some judges have to adjudicate the innocence and guilt of defendants.

How many court officers do we need? Where gave the pens got to be? It costs $40,000 just to keep them in court for 1 day. Where are you going to put them after you convict them? How long are they going to stay locked up?

What are they going to do in jail—pump iron and watch television? When they are released, what are you sending back out into the community?

Why is it that they always go back in?

This is what I'm paying for when you tell me you got 9,000 cops in the city of New York. But then again, most of you are really not

New Yorkers—you're national; indeed, you're international. You know that every major city has the same problem—people living in the street, taking drugs that can't hurt them anymore; indeed, if anything, it relieves the pain.

You've tried to run to New Jersey but the problem went to New Jersey. Then you go to Long Island but the problem went to Long Island. There are Members on this committee from rural areas, and they say that now the problem is out there. So, indeed, there's no place to go.

Our backs are against an economic wall, which now has become a solidified political wall. We can see what we can do as partners. Those of you who are here this morning already have a track record of dedication, you understand the problem, and you are willing to see what further contributions you can make.

I'm only asking, help us to show what we are doing. Is it working? What is the cost? No matter where the tax dollar that you're paying goes, are you getting your money's worth for the taxes that you pay?

[The statement of Mr. Rangel appears on p. 45.]

Mr. RANGEL. I'd like to yield to my colleague. I normally refer to him as a part of the minority, but after counting the people from the summit, I think I yield to him as the majority in government even though you're the minority in the Congress—Larry Coughlin.

Mr. COUGHLIN. Thank you, Mr. Chairman. I am pleased to join you in welcoming the witnesses today, and thank the witnesses for taking time from what are very important matters to come here and testify on a belief we share that is extraordinarily important.

Recent events have certainly highlighted the importance of business. Nations around the world are trying to emulate our system, our marketplace, our market-oriented economy. That, also, highlights the responsibility that business has taken for our community and the quality of life in America. You, in particular, have been leaders in trying to improve that quality of life, particularly as it relates to drug abuse and drug use.

Certainly, we have tremendous problems of poverty, of ignorance, of disease. They are all problems that merit our attention. Many of them were around long before the advent of crack cocaine and will probably be around, to some extent at least, once the crack cocaine problem is solved.

But you and we share a heavy responsibility in a world that is looking to us and to the business leadership that you've provided, and that puts a responsibility on you to provide that quality in the workplace.

Certainly, the vast majority of our citizens are working men and women, and spend a considerable portion of their day in a working atmosphere. And having that working atmosphere be drug-free is a commitment we share. I look forward to hearing from you.

Thank you, Mr. Chairman.

Mr. RANGEL. Mr. Payne.

Mr. PAYNE. Thank you, Mr. Chairman.

Let me just say that certainly I'd like to applaud you for calling this very important hearing today and focusing on the impact of drugs on the business community.

It is no surprise to anyone who reads the newspapers or who watches the evening news that a very serious drug crisis exists in America. Of course, originally most Americans felt that this problem was only confined to the inner cities. But now we are faced with the simple fact that this problem is tearing apart the very fiber of most of our communities in America, both rural and urban, both wealthy and poor.

In the 10th Congressional District of New Jersey, which I represent in Congress, I witness first hand the mental, physical, and spiritual destruction that is caused by drug addiction. We are presently faced with a generation who, due to the plight of drugs and alcohol addiction will be lost unless some drastic and immediate actions are taken.

Our educational system is on the brink of collapse because our young people are dysfunctional, inattentive, and dejected. Through our educational system we produce our future leaders of America, our future CEO's, lawyers and doctors, our future policemen. With this system on the verge of collapse, we have to question where our future will be.

As has been indicated, we have a unified Germany celebrating last night. We have a Iron Curtain that has fallen. We have a European common community in 1992 where there will be no borders—eventually one monetary system, one retirement system; import duties and tariffs removed, therefore, making their products more competitive and less costly. We have to compete against that.

We have Hong Kong in 1997 becoming a part of the People's Republic of China. What will that mean?

Industrialization of Malaysia and Indonesia; with the exportation of jobs from Korea and Japan into those areas that will even create more of an economic challenge.

So we have a very serious problem before us as we look at the budget summit that taxes the low- and middle-income people with taxes on gasoline, beer, wine, and things of that nature; and not taxing the truly wealthy—when we see a cut in Medicare, with no increase in the real luxury items. A regressive tax system where people are not taxed on the ability to pay—we see a gloomy future.

But there's always hope. We have to keep hope alive and hopefully we will have some insight from you very distinguished panelists who are before us.

Thank you, Mr. Chairman.

Mr. RANGEL. Thank you.

Bob Wright, we'd like you to lead off. I can't emphasize how important it is that this Congress and this Nation are going to get the benefit of your wide experience in the private sector—the fact that you came from General Electric and now head up the National Broadcasting Company. More important than that, you've demonstrated on your own a concern about this serious crisis that our Nation faces.

So we have your testimony. You can refer to it. You can read it, or you can testify in any manner that you feel most comfortable. On behalf of the Congress and this committee, we thank you for agreeing to be with us.

STATEMENTS OF ROBERT C. WRIGHT, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NATIONAL BROADCASTING CO., INC.; JAMES E. BURKE, CHAIRMAN, PARTNERSHIP FOR A DRUG-FREE AMERICA, ACCOMPANIED BY RICHARD D. BONNETTE, CHIEF OF STAFF, PARTNERSHIP FOR A DRUG-FREE AMERICA; AND RONALD K. SHELP, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NEW YORK CITY PARTNERSHIP AND THE NEW YORK CHAMBER OF COMMERCE AND INDUSTRY

Mr. WRIGHT. Thank you, Mr. Chairman and Members.

After listening to your opening remarks, Mr. Chairman, I have to admit I feel my remarks are somewhat inadequate. You have addressed the issues. If I had to write a script, I think I would have been proud if I had signed the one you just articulated.

We do have testimony here that we would be happy to enter into the record. I guess I would like to take a few minutes, as inadequate as it may be, to go over some of the points in my testimony.

On a personal note, I think this is a highly complicated, difficult issue. I wish that those of us in private industry were more able to take charge of some of its aspects. I think some of us try but it's awfully frustrating.

Let me give you some idea of what our view from a media company is—NBC in particular. I know we have some very good complementary participants here. Their remarks, I think, are right on target.

My name is Robert Wright. I am president of the National Broadcasting Company. NBC is a broadcaster who has long been involved in informing the American public about the problem of drug abuse. I'm also the head of a company that is based in New York City and is concerned about the future of New York City and other major cities; and I'm also the father of three children.

We looked last week at an amazing series on television on the Civil War, which ended 125 years ago. For a period of time, we've been fighting another civil war in this Nation, a war against drugs, and it's no less sweeping than the one we just saw on television.

There's no question in our mind that drug abuse is devastating our cities and it's laying waste to thousands of young people all over the country. As you said, it is not just in the cities, even though that's the focal point. Unfortunately, it's often the focal point in the news media as well.

After years of effort, the problem is not close to being solved, and I don't think it can be solved by any one means. Especially in this period of fiscal problems, it's unlikely there's going to be any sweeping program that is going to be able to address the drug abuse issue.

What is needed, I believe, is more across-the-board involvement by all sectors—government, business, the media, schools, churches, community organizations—groups that are willing to use some of their perceived authority or reputation to cross into this area.

As a member of the President's Drug Advisory Council, we have taken that approach. Probably the largest focal point we have is to coordinate the efforts of groups that already are established in communities.

I agree with you, Mr. Chairman, that the effect of narcotics abuse is most severe in the inner city, or at least I'll take that position even though that is not one you particularly stress but on which you certainly have been vocal in the past. It also takes its toll on the inner city youths and their education and their employability.

This is of particular concern to NBC. We are based in New York, and we employ about 7,700 people on a full- and part-time basis in the city of New York. We spend almost $600 million in New York each year. All of NBC's owned and operated television stations are in major urban markets, as are many of our affiliated television stations.

As a country, we absolutely have to find ways to stop and to address the tragic waste caused by drug abuse. This Committee, the Select Committee, and your efforts, Mr. Chairman, have focused a great deal of attention on the issue, and it is in that spirit that I come here today because I don't think we can cease focusing attention on this issue. In your leadership in seeking to identify effective steps that the United States could take in this arena is very important.

Very simply, this issue demands and needs priority attention. Lives are being lost and potential is being drained away.

The 1990's business environment gets an awful lot of press attention, and, as was just expressed a few moments ago, it is tremendously competitive. The perception is that we have lost ground to foreign countries, and global competition keeps getting stronger. In the years ahead American companies are going to require healthy, motivated, better educated and better skilled employees. Even the best level employees of the past will not be sufficient to be able to maintain the national objectives that people have for this country.

Drug abuse shatters our ability to meet that requirement. Business will have to attack the problem by working more closely with the cities and communities from which it basically draws its work force.

At NBC we try to contribute what we can in our area of special competence. We and other broadcasters nationally and locally try to play an important role in informing the public about the problem of drug abuse, its scope, its dangers, the places and the programs that people can turn to for help.

We devote a considerable amount of air time to these subjects on the NBC television network, and we also try to do that on our owned stations and our affiliated stations.

We took a count in preparation for coming down to meet with you today, and we found that over a 12-month period drug abuse had received attention in more than 700 NBC news, sports and entertainment programs. On our news programs alone, from early 1985 through last week, there were more than 4,300 individual segments on the problem of drug abuse. That's a lot of weight on the issue.

We work closely with the producers who supply our entertainment program series as well. We urge them, to the extent that we can, to include antidrug abuse themes in their shows whenever possible. Very well-known shows like the Cosby Show, Cheers, and

many of our other popular sitcoms do this on a regular basis, and they carry positive messages in these areas.

Last year's Emmy Award-winning NBC miniseries, "Drug Wars, the Camarena Story," was a telling look at narcotics trafficking.

With every show on drug abuse or on other critical issues, when we feel the content merits the attention of young people, we send posters, study guides, and other material to schools so teachers can follow up.

We give a portion of our air time to national and local groups and agencies to air public service announcements, and increasingly these messages involve drug abuse and control. Several organizations, among them the National Institute on Drug Abuse, the Kiwanis, and the March of Dimes have been supplying PSA's to us for years.

This year, however, I decided to focus NBC's efforts to deal with the drug abuse program through public service messages by devoting 25 percent of our regularly committed prime time and children's Saturday morning public service time to one organization, the Chairman of which is sitting next to me. Because of his insistence and arm-breaking tactics——

Mr. BURKE. That's not fair.

Mr. WRIGHT [continuing]. And convincing points, we decided, to do something we have never done before, which is really to take this sweeping position with our own air time. The organization is the Media-Advertising Partnership for a Drug-Free America, of which Mr. Burke is the Chairman.

The partnership, which cooperates with the Ad Council in placing its messages, is a coalition of hundreds of creative talents in the advertising and communications industries. It represents the largest private sector, volunteer effort undertaken, to the best of my knowledge, since World War II.

It certainly helps to have professional groups like this stepping up to the job. We feel that—I'm just verifying his own numbers—the media response has meant probably over $500 million in free print and broadcast time devoted on an annual basis to this Drug-Free America advertising.

In our own case, individuals in our organization have taken their own stance. Our executive vice president on the west coast, John Agoglia, led a TV Academy effort last spring that resulted in a television first, the simulcast over all TV networks and some 750 stations of a program called "Cartoon All-Stars to the Rescue." It was devoted to children, trying to attract their attention on a Saturday morning. It was a half an hour animated show that utilized virtually every favorite cartoon character to spell out to children who watch television heavily at that point in time the danger of drugs. More than 20 million children watched that show, and it was a marvelous volunteer effort on the part of the television and production industries.

NBC's own company-wide public service commitment is focused on combating substance abuse. For the last 2 years we have been engaged in a comprehensive community outreach campaign called "The More You Know," which we announced here in Washington 2½ years ago.

This campaign focuses on the American educational system. The theme has been the more we know about drug abuse and its devastating effects on our students, the more we know about other elements of education, the more we can do to solve the problem.

Our campaign is based on the belief that Americans have a woefully inadequate understanding of drug abuse and the problems it causes. Again, to go off this script, the public needs to understand the significance of problems that are created or ignored when you only attack one portion of the drug abuse problem. The comments you made about the police are right on point. The system that has to stand behind law enforcement is every bit as important as the appearance of law enforcement.

We have in "The More You Know" campaign produced 60 public service messages ourselves, featuring top NBC entertainment personalities. We've created special programming and study groups and we work closely with the PTA and the national educational groups. We've enlisted the participation of our stations—our affiliated stations, and, of course, our own.

But the fact of the matter is I don't think that anybody today who watches television can avoid becoming aware of the drug problem and some of the ways to attack it. But television can only do so much—it can only put a little light on the problem, or a lot of light. It can point to solutions but it is not a solution by itself.

We know from our own research and experience that on-air campaigns should not be broadcast in a vacuum. They work best when they're tied in with campaigns of others fighting in the same cause: local citizens, voluntary groups, government agencies. NBC stations and the television network try, whenever possible, to join our efforts with existing operating local groups and public service organizations.

I'll give you an example of such cooperative efforts in Washington and one in New York. Here in Washington, you may have noticed the many signs posted around town for drug-free zones. They're part of a $5 million community service campaign sponsored by our NBC television station in Washington, WRC-TV Channel 4, and Blue Cross and Blue Shield of the national capital area.

The YMCA is also utilizing this program, which involves work with district schools and student groups to prevent drug sales and use in or near a school.

At WBNC-TV in New York, Channel 4 in New York, our station there, we've been supporting Governor Cuomo's Youth Drug Prevention campaign since 1986, tying in with the Division of Substance Abuse Services and the State Education Department. That campaign is designed to give young New Yorkers hope and more education on the dangers of substance abuse and the importance of setting goals. The campaign emphasizes positive role models and encourages students to participate in instructive, creative activities, such as statewide video contests.

We try to do this in every one of our station markets and we have a particularly fine program in Miami as well, which is referred to in my comments and probably does not need to be dwelt on at this point in time.

The drug abuse problem is everybody's fight, and those of us in business have a special need. It can be fought in many ways, and I've just tried to indicate some of the ways that a media company is trying to deal with it.

But I'd like to conclude here for a moment by showing you a few minutes of our own on-air activity which we think attempts to put a spotlight on the very problems that you're dealing with. If we could have that tape I'd appreciate it.

[Video presentation.]

[The statement of Mr. Wright appears on p. 51.]

Mr. RANGEL. Thank you. That's a very dramatic presentation.

Jim Burke is almost as well-known for his dedication in fighting the war against drugs as he was for his great leadership as the chairman of the board and chief executive officer of that international firm of Johnson & Johnson, which he pushed toward broadening its concern. It's only fitting that once he left the private sector he would become the chairman of the Partnership for a Drug-Free America where he now shares his expertise to help that nonprofit organization accomplish things that he will be telling us about today.

There was no question when we had this hearing that you would be a part of the anchor for it, and we appreciate the fact that you accepted our invitation.

STATEMENT OF JAMES E. BURKE

Mr. BURKE. Thank you, Mr. Chairman. I'm honored to be here, needless to say. I, also, want to take the opportunity to thank you and this committee for what you're doing.

Mr. RANGEL. I'll introduce the members that have joined us, Jim.

Mr. BURKE. Yes.

Mr. RANGEL. Mike Oxley, a former law enforcement official with the Federal Bureau of Investigation, brings a unique experience to this committee coming from a nonurban community in Ohio. Of course, Jim Inhofe from Oklahoma, once again not representing an inner-city constituency. Bill Paxon from the Buffalo area in New York, and Bob Dornan who was, or will be, with us.

Our committee really is a cross-section, not only politically and philosophically, but more importantly, for the issue that we are concerning ourself with in terms of America.

Mr. BURKE. Again I want to commend you particularly, Mr. Chairman, but also the committee for the work that you are doing. I also want to take this opportunity to thank my good friend Bob Wright and NBC. The fact is he was an easy sale, he was a pussy cat. He likes to make me think it was hard work, but he was very, very cooperative and his network is as well.

He said that they got 25 percent of their PSA's in partnership advertising. The question I will raise now is why isn't that 35 or maybe 40?

I do want to say that he and the leadership like him in the advertising business is doing an absolutely remarkable job in terms of helping to move this country toward winning this war.

My testimony is going to be perhaps more optimistic than you would expect because I'm going to testify from the point of view of

my role as the chairman of the Partnership for a Drug-Free America. I'm not going to get in to all of the serious problems that the country faces as a result of this problem, but rather, try to show you how I feel the country is beginning at least to turn off drugs.

I also want to say that I think we all share the same feeling. I believe that the illegal drugs and education are two of the most important social problems and all of the things that have helped to generate those problems.

I think that if business does not learn to deal with these problems, working with the local, State and Federal governments, that I think business is going to have to carry an increasing burden as you do, Mr. Chairman.

If they don't, I think we will not be competitive worldwide. I don't think it's a question of being more competitive or less competitive; I think we'll lose the game.

The fact is that these problems—those twin problems—perhaps drugs is the most visible of the two—do not exist to the same extent with our European competitors or with our competitors in the Far East.

Let me say that American business has played, and will continue to play, two key roles in assisting Federal and local efforts toward a drug-free America.

The first is to work aggressively toward providing a drug-free workplace for all employees and treatment for those who need help. I want to stress the importance of that treatment.

But it is difficult for business to achieve a drug-free workplace within a drug-abusing culture.

So the second and broader role for business is to use its expertise, its resources, and leadership, in helping to find solutions to illegal drug use in society at large.

It's the second role that I will address my comments this morning.

The Partnership for a Drug-Free America is one example of a privately funded business initiative in response to the illegal drug crisis. The organization, as Bob has indicated, is an unprecedented, nonprofit coalition of thousands of communications professionals. I want to emphasize there are thousands of people working on this issue.

Our combined expertise includes America's top advertising agencies, national and local broadcast and print media, marketing research, public relations, talent and trade unions, national advertisers, drug and drug research experts, and many individual professionals in communities across the Nation.

The Partnership is based on the understanding that we must help to build antidrug attitudes in order to change usage behavior. Change attitudes and behavior will follow. Our objective is to reduce demand for drugs by using media communication to encourage public intolerance of illegal drug use.

Simply put, our aim is to "unsell" illegal drugs, to reverse the process of normalization that began in the 1960's which resulted in drug use being considered benign, acceptable, attractive, and even chic.

Reversal of the attitudes of tolerance toward illegal drugs is the key to reducing demand, and catalyzing Americans toward commu-

nity action. By the way, in the last analysis, that's where this whole war is going to be won—at the community level, as Bob indicated. I think that's one thing that we can all agree on. Maybe we can also agree that we cannot effectively legislate changes in attitudes—they are going to have to be reshaped over time.

Our primary focus on the denormalization process is to reduce the number of people trying illegal drugs for the first time, and to reduce occasional, nonaddicted usage. In order to affect those millions of decisions being made every day in every city and town in this country, we must also communicate with primary influencers—to encourage siblings, teens, parents, employers, and health care professionals to actively promote nonuse among those that they can influence.

Extensive quantitative and qualitative research is undertaken to help guide and evaluate the development of messages to specific demographic and ethnic groups, including pre-teens, teens, adults, parents, African-Americans, and Hispanics.

Since the Partnership was formed in 1986, over 100 advertising and public relations companies have contributed their time and talent on a pro bono basis. Print and broadcast production experts and performer talent guilds donate their time and talent to bring the Partnership messages to life.

The top creative minds, along with drug research and treatment experts, donate their time and expertise to review all the messages along the development process. All this has resulted in over 250 antidrug messages being created and produced for all the media by the volunteer efforts of the Partnership.

The first message of the Partnership ran in late March of 1987. Since then the media across America have given Partnership messages increasing and unprecedented support, making this effort the largest public service media campaign in the history of the Nation.

Magazines, newspapers, network, cable and local television, radio stations, billboards, video cassette distributors have all contributed to the estimated $500 million, that Bob mentioned, in time and space. That's from 1987 through the first quarter of this year.

However, based on our research, which shows improving antidrug attitudes in the areas of the country which message levels are the highest, we set a goal for ourself of $1 million a day in media exposure. That was based on research which told us we knew that it would work. This media level will result in more than 90 percent of American households receiving at least one antidrug message every single day.

Bob will be pleased to know, because we just got the results, we are currently from January through June now at a daily rate of $925,000—twice the level of last year, and we are very close to reaching our goal of $1 million a day.

Financial contributions from almost 200 private corporations and foundations—including General Electric, I might add—provide the operational budget for the Partnership. These operational funds support a small staff to develop and coordinate a very large volunteer communications coalition. The value of the coalition's donated media and other professional services is more than 100 times our operational budget. That private sector leverage also means that no

taxpayer moneys have been necessary for this component of the overall drug strategy.

I'd like to take just a few moments to remind you of some of the examples which you might have seen, maybe some which you haven't, of our print and television messages.

[Chart presentation.]

Mr. BURKE. First are Print. I think most of you have seen the famous gun. This is new, very direct, and very tough, directed at the African-American community.

Again, this is directed at the medical profession. We have a very separate and distinct set of campaigns in the medical profession—we're going to meet at Harvard on Sunday, Monday, and Tuesday to talk with representatives of the medical profession to try to get more people in the medical profession to take responsibility for this issue. They are face-to-face with most people who have a drug problem and many of them are not aware of that and many of them are not doing what they can do.

This is to remind people this is not just an inner-city problem and, particularly, to remind parents of that issue.

This is perhaps the most devastating end point of the drug problem and perhaps one we've got to remind more people is happening. If anybody has held a crack baby in their hands—I wish we could get everyone in the Nation to do it just once—I think the problem would be over.

This is an Hispanic ad. That's also a television commercial—that's the print version.

This is to remind parents that their children are all at risk. One of the biggest problems we have in this country is changing the parents denial that have in terms of the drug—it's not my kid, it's somebody else.

That's basically the mailing—that's the Parents Guide from the Department of Education. We were advertising with an 800 number so that people can——

Do you know, Dick, how many?

Mr. BONNETTE. At present we have 2 million, and I think the redemption for the first 2 months is 300,000.

Mr. BURKE. Which is really quite remarkable in that short period of time.

I might add, on this one I really think that one of the big opportunities we have—and everybody in the room who has an opportunity to think about it—I think we've got to find a way to let every child in school know that if they're going to use drugs, they aren't going to get a job. There's going to be no work for people who use drugs. I don't think we've made that as clear as we must make it.

Now if we just turn on the television. These are just a samplings but they may be familiar. The first happens to be my own favorite.

[Start of video presentation.]

Mr. BURKE. They dial each number so that they get someone they could call for help.

That was run national but that's also a Rochester tag where they have a very special community program.

[End of video presentation.]

Mr. BURKE. Those are just a few examples of, I think, the most creative advertising being shown today for anything because we

have so many good and very creative people working on advertising.

Another major element of the Partnership's program has been our Attitudinal Tracking Research Survey. We've conducted research among 7,000 to 8,000 respondents annually since 1987, to help guide the development of our messages and to evaluate the trends in attitudinal factors that affect drug use. This data provides comprehensive information on all major segments of the population—pre-teens through adults. We do the only pre-teen research, by the way.

We believe that a careful look at the data provides convincing evidence that Americans are, in fact, turning off drugs. I personally believe the watershed event in this process was Len Bias' tragic death in 1986. As an aside, I looked up four—The Washington Post alone, in the year that followed Len Bias' death, had 400 separate stories surrounding the Len Bias tragedy. I think it was an event that turned the media's attention on this problem and, fortunately for us, they have been unrelenting ever since.

The media in all of its manifestations, I might add—I'm talking about TV specials, features, editorials, the entertainment industry. As Bob mentioned, the wonderful, wonderful show that was done through John Agoglia's leadership at Disney. It was just tremendous. We did a lot of research on that show, I might add, prior to and after the show, and we know that it worked.

I think the media truly has been a major catalyst in the denormalization of drug use in America. But I also feel that the most important catalyst in the process that has begun are drug-free workplace programs, and finally, community action programs where in fact it all has to happen, as I've said earlier.

While the country still has an unconscionable drug problem, with probably well over 10 million regular users and several million of those in various stages of addiction, a very profound change is nevertheless occurring and its importance should not be minimized. I'm going to give you a few highlights from the Partnership's 1990 research findings to illustrate these changes. This research has just been released as of September 3.

[Charts.]

Mr. BURKE. The first chart, in terms of attitudes, we know that one of the most important factors we research is how users of illegal drugs are perceived. The more negatively a user is perceived the less likely the respondent is to use the drugs.

As you can see from this chart there has been a significant increase in the percent of people, both adults and teens, who see people on drugs as acting stupidly and foolishly.

The next chart—perhaps the most important attitude in predicting drug use behavior is the perceived risk of using the drug only once or twice. In this chart you can see a significant increase in perceived risk of cocaine use among adults, and very encouragingly among teenagers over the past year. As you can see, teenagers, up until just the past year, have been fairly steady in their attitudes in this regard, and there was a very encouraging change in the last 12 months.

The next chart: teenage drug use. The increasing antidrug attitudes are leading to dramatic decreases in drug use, particularly

among teenagers. As you can see from this chart, significantly fewer teenagers have used both marijuana and cocaine over the past year. This chart also makes the point that the declines in usage are very similar for both blacks and for whites. As you can see in that, cocaine use was much higher among blacks, but it's done pretty much—in our survey, at least—to the white data.

Our data supports the conclusion that attitudinal changes are occurring across all segments of American society.

Now chart number 4—and, by the way, this was before the wonderful Disney special that was shown on all four networks, I might add. I think we are as encouraged about this as anything. Because what it says is that pre-teens, which is the name of this game long term—that's why we spend so much time on them—the pre-teenage group, the 9 to 12 group, are now talking to their parents and talking to their teachers, which means their parents and their teachers are talking to them.

We know that there were, Bob, something like 15 or 16 million parents that watched with those kids in terms of that show that came after this research, so those figures would be considerably higher.

Finally, I would like to show this final chart that I put together. These are findings among three separate—these are three separate studies. I think they are important because I go back to 1979. As you can see, from 1979 to 1986, there wasn't a heck of a lot happening. As a matter of fact, the high school study, the usage of cocaine was up. But certainly you can't make any case that anything was changing. The reason that I'm so convinced of the Len Bias incident is that starting in 1986, from 1986 to 1987, in every one of these studies we've seen a very real decline.

The NIDA study is 18- to 34-year-olds. But if you look at the total NIDA data it follows the same pattern—it shows 18- to 34-year-olds because they're the heaviest users of drugs.

The high school senior study, which is an annual study that's been going on for 15 years—and again, nothing happened with that study.

I might add that you may be interested to know that during the period from 1983 to 1989, the availability—we asked these kids: How available is cocaine in the high schools? That went up in that study. From 42 to 61 percent said it was readily available. So availability of cocaine increased by 50 percent during the same period that usage dropped and dropped dramatically.

As usage dropped we asked them the other question: What is your perception of using cocaine once or twice? What has happened is the perception of risk has gone up at such a fast rate that the usage has gone down.

Finally, the Partnership study was directed at only 13- to 17-year-olds. As you can see, from 1987—when we first did the study—in 1988 and 1989, we were very depressed with that data, because the fact is that 13- to 17-year-olds were not changing their usage patterns. But in 1990—this data was just released September 30—usage also went down among them.

Mr. RANGEL. Let me interrupt here to bring us up to date as to where we are.

Mr. BURKE. Sure.

Mr. RANGEL. Those were the second bells for a vote that's on the floor—an amendment by Mr. Lewis to provide some $500 million to the States to support their efforts on behalf of immigrants.

We have been joined on the committee by Jim Scheuer from New York as well as our other New Yorker, Ben Gilman, who has just left the White House and will share with us at some later date some bright news, I hope.

Now, with the panel, Bob Wright had indicated, and we have promised, that he would be able to leave here at 11:10 a.m. to 11:15 a.m. We've made similar promises to Dick Lesher, who has arrived.

I think what we can do here is first, let me thank you, Jim, for your testimony. We're going to have to get together on your studies and your charts and compare that with what we have from the General Accounting Office and some other research that was done.

[The statement of Mr. Burke appears on p. 60.]

Mr. RANGEL. I would just like to ask whether or not you included high school dropouts in those teenage figures?

Mr. BURKE. In our teenage figures, dropouts are included, but they are not included, as you know, in either of the other studies.

Mr. RANGEL. OK, we have to talk about that because some of the statistical data aren't working out when we see the number of people who are trying to get on treatment. So we just don't know how you measure them. But we're looking for some good news, too.

I'll ask any member who would like, before we leave, to ask Bob Wright a brief question so that other members who have a question would be able to ask it. We'll have to do it that way because Bob Wright will not be here when we come back. We hope the other two witnesses will be able to be here, and we'll ask Mr. Lesher to join the panel.

Mr. Oxley.

Mr. OXLEY. Just briefly if I could. What's been the experience with other networks between you and Mr. Burke. He had indicated 25 percent of your PSA's were devoted to antidrug. Have the other networks had the same experience?

Mr. WRIGHT. I'm more familiar with the ABC program than I am with CBS, so I can address myself to that. The ABC approach is, I guess in fairness, an outstanding one in this regard. In many respects we made adjustments in our own program based upon some views on how ABC was working with the Media Partnership. So I'd say that the ABC and NBC approach are very similar because I'm more familiar with that.

The CBS approach is somewhat different and a little hard to characterize. I can't really give you a comparison comment on CBS.

Mr. OXLEY. Mr. Burke?

Mr. BURKE. All three networks have been very cooperative. ABC took the lead early and Bob and his organization followed with an outstanding program. The only difference at CBS is that they would like to do more of their own commercials rather than utilize ours. They're using a lot of ours. They're not using ours to the same extent as we would like them to. But they are also creating some very powerful commercials of their own that they use, for instance, on the Super Bowl. All three networks really are doing a very, very good job.

Mr. RANGEL. If we could restrict the questions to Mr. Wright because he has to leave and we have to excuse ourselves to vote.

Mr. WRIGHT. The difficulty, Mr. Oxley, is the fact that you are always taking away from somebody else's interest, whether it be health, American Cancer Society or the Heart Association. So there's always a balancing that takes place, and you have to deal with those other issues as well.

Mr. OXLEY. Thank you.

Mr. RANGEL. Mr. Payne.

Mr. PAYNE. Has there been any consideration of perhaps expanding that time to make more time available?

Mr. WRIGHT. There was an enormous expansion. We, basically, had to make enormous changes to do the Media Partnership compaign. We think that's about the most you could possibly devote of your time and attention without having an absolute hailstorm of issues from other special interest groups who have equally strong messages to deliver. So we're disproportionately heavily weighted toward the drug abuse issue. I don't think realistically we could go much further than we have.

Mr. PAYNE. I just meant the amount of time given the PSA's.

Mr. WRIGHT. There's always room to say you can do more. I think we have tried to make our view not so much more air time for PSA's but more program content. I think that the production community that we deal with has been very responsive to that and I think you will continue to see more program messages that are consistent with these themes. I think we are having a good deal of success with that approach. So I would say that's that area where you will see more time.

Mr. RANGEL. Let me thank you. We're going to have to vote. We will recess for 10 minutes and come back.

I want to thank you for your commitment. We're going to allow the Members to send you questions and perhaps you can answer when you get back to New York. I certainly would want an analysis of what you think your governments on all three levels are doing and what you think we should be doing.

Mr. WRIGHT. We'd be pleased to; thank you very much, Mr. Chairman.

Mr. RANGEL. We'll recess for 10 minutes.

[Recess.]

Mr. RANGEL. If we can resume; we've been joined by Frank Guarini from New Jersey.

I would just take this time, Jim, to ask why it seems like the figures we have are so different from Mr. Bennett's figures and your figures as relates to teenage use of crack and cocaine?

We have found—and I ask minority and majority counsel to help me with this—that when you go to the school system and deal with high school seniors, you are dealing with those kids who have really moved out of the risk. But go into the shelters with the homeless, go into the street, or go into the inner-city emergency wards. Those doctors have told me—we just had hearings on it—that they don't have time to check out why a person really died. You're dead, you're dead, and even though they know you never would have had kidney failure, you never would have had heart failure, you wouldn't have had liver failure; you wouldn't have had

AIDS in the first place if it was not connected with drugs, they don't put drugs on the charts as the cause of death.

Mr. BURKE. I am sure that's true, by the way.

Let me try to put these figures into perspective from my point of view. First of all, we do not have enough good data in this field—something you've spoken of and I've spoken of; we all know that. I'm dealing with the data that we have; and I will give you my own personal opinion of what's happening in the country.

I think we are dealing with a horrifying terminal end of this system. There are 68 million people in this country who have used illegal drugs—that's the NIDA data; it was probably higher than that—between the ages of 12 and 54, used them at least once. That's almost half that population. So it became a normal thing to do. As those people moved through the population we have now created a pool of addicts. I don't know how big they are. Your guess is as good as mine. Certainly it's somewhere between 2 and 4 million anyway.

That pool of addicts we keep recirculating in our society. They're not getting well. They go into jails; go out of jails; go into jails; some of them die. So if you look at the terminal end of the system there isn't an awful lot of encouraging news. There is some. I think the Dawn data looks a little bit better.

I was told recently—although I haven't seen the data—that the cocaine hotline is down quite dramatically. So there is some.

What I'm dealing with here is not that part of the system because I don't think our advertising does much for that part of the system. I think all our advertising can do—and I think it does do—is motivate people to get involved.

In the front end of the system I think the changes are not only important; I think they're dramatic, profound, and very important for us to understand because it helps to empower people to feel they can do something. This problem is not going to be solved by the government, as you said.

The government has—and you and I might argue about their program—I think the government has a fairly balanced program and is doing almost as much as it can do under the difficult fiscal situations.

But, in my opinion, the problem can only be solved at the local level by community involvement. I think every American ought to be involved in some way or another. If every American does get involved, I think we will in fact solve the problem over time—the serious part of the problem.

The not so serious part of the problem, which is the feedstock for this problem—the kids that are trying, there's no question that that's changing. It's changing among 9- to 12-year-olds, it's changing among teenagers, it's changing among high school seniors, and it's changing among young adults.

We don't capture the worst of this because we don't capture the kids——

Mr. RANGEL. A powerful presentation, a very powerful presentation. You are to be commended for the leadership that you continue to show by bringing in these people with that type of expertise who do an almost magical job in reaching people who can be reached through that type of a program.

Mr. BURKE. Thank you.

I guess I would summarize that my own feelings of optimism are rooted in the fact that I think this country finally realizes in this war, as Pogo said: "We've met the enemy and it's us." This war is not going to be won until we shut off demand. It's a demand-driven problem and it has to be approached from that point of view; and at least in the front end of the system, not the back end of the system—the front end of the system; that's beginning to happen. I think that's very good news.

Mr. RANGEL. Let's hear from Ron Shelp. He's president and chief executive officer of the New York City Partnership as well as the president of the New York Chamber of Commerce and Industry.

In New York City, I see Ron, whether the issue is programs that concern employment, housing, health care, drug problems, economic development, public safety, or community problems, as well as tax problems. Ron is someone who is not only concerned about economic development and how our businesses can be more competitive in the great State of New York and the city of New York, but also someone who can say how we can improve the quality of life of the people, the employees, the management, as well.

So we're lucky to have you in New York City and the committee is fortunate to hear your views.

I'm going to ask, too, that Dick Lesher join us—the president of the United States Chamber of Commerce.

You're an old pro at testifying and you know the leeway that you have in presenting your testimony.

STATEMENT OF RONALD K. SHELP

Mr. SHELP. Thank you, Mr. Chairman, I'm delighted to be here. You and your colleagues have been active and articulate leaders in addressing our fundamental drug abuse problem and we welcome the opportunity to give our views.

The New York City Partnership was formed out of New York City's fiscal crisis in the mid-1970's. A remarkable thing happened—a group of business, labor and government leaders came together to work their way out, of the crisis. They were successful and decided to create a mechanism to continue to cooperate. So David Rockefeller and others created the partnership comprised of some 150 chief executives to continue working on major problems of the city.

Mr. Chairman, you summarized the problems we've been working on in the last 10 years very well—education, youth employment, housing, public safety.

I think there are reasons why this kind of experience is relevant to the problems we're addressing today—drug abuse. Our programs in these areas are serious and effective efforts to join private and public resources and commitment to bring about positive and systemic change in society—change that is relevant to some, although not all the problems that cause people to turn to drugs.

We believe that a sound education system and youth employment, giving people an opportunity, can make a difference. So before turning to some comments on drugs I'd like to give you the outline of some accomplishments in these areas.

On the policy side, we have worked with the Chancellor and the schools to achieve fundamental reform in Albany. This has led to some things that we think will help improve teacher recruitment and enhance accountability.

On the programmatic side, we've provided management assistance through the business community to the schools to work on personnel, security, school food services, and other things. Currently, we're working with the Chancellor, Joe Fernandez, and others to implement his school base management concept—a program designed to have each school respond to the needs of its students through a governing team of teachers, administrators, parents, and members of the community who will make local decisions on budgets, curriculum and other issues important to the school.

Youth employment was one of the first issues the New York City Partnership involved itself in when it was founded 10 years ago. We've just finished Summer Jobs 1990—something we do jointly with State and city agencies. 52,000 disadvantaged young people were given jobs. That's a grand total, after 10 years, of this 330,000 summer jobs.

Yesterday the Mayor announced his crime program. The fact that he had a Summer Jobs component suggests that many people recognize this is important if you're going to attack crime and drugs.

A recent youth employment initiative is a pilot project called New York Working. This provides job preparation and job counseling—so far for 12,000 students in 2 years with some 7,000 jobs provided. New York Working has achieved the curriculum change in the 16 pilot schools.

As you said earlier, Mr. Chairman, education and other problems in New York City are not unique, they're found in most urban centers. Labor Secretary Dole recently visited a New York Working school and has narrated a videotape to send around the country in hopes that other communities may try this approach to solving their youth employment problems. Needless to say, we'd be delighted to export it to any community in America.

Let me turn, second to affordable housing—a real success of the Partnership, working with Federal, State, and city governments. We have completed 5,000 units of affordable condominiums throughout the city for working families and thousands more are on the drawing boards.

The housing we've built spared a program of new or renovated units in these neighborhoods. Other communities around the country have a housing problem as well. We have just received a grant from HUD to help replicate our model throughout the community—something we're pleased to do.

Finally, the New York City Partnership has been active in advocating policies and programs that spur economic development throughout our city. We know the business community benefits from such programs. But we also know that the city and its residents gain from job creation and job retention. None of the programs we need will address our serious social problems unless we have a viable, successful economic base.

Let me turn now to the drug issue. In the past, the New York City Partnership has not had a program devoted specifically to

dealing with drug abuse. We are going to address it now. But, frankly, it is a real challenge.

The question for us is, can the private sector, come up with fundamental approaches to addressing this problem that can really make a systemic difference the same way that we know we have in housing, education, youth employment, and economic development.

To help chart our course we developed a survey of 250 New York area corporate leaders to determine their views on the extent of the drug problem particularly in their companies, and to learn their responses to it.

Now all the responses are not in, but we have some preliminary findings which give a good sense of the business view.

Employers see the largest 500 companies in the New York area as private sector leaders in virtually all areas of drug abuse: education, detection, treatment and counseling, and community involvement. Smaller companies are expected to lead primarily in education and prevention. More than 70 percent of the preliminary respondents have EAP's—employee assistance programs—and at least 15 percent more considering putting them in this year.

Many companies already provide family drug abuse counseling, training for supervisors, telephone hotlines, referral programs, case management, and managed care programs to help deal with drug problems with their employees.

More than three-quarters of these companies in New York have formal policies on dealing with drug abuse by their employees and provide for voluntary drug abuse treatment. In most instances, voluntary disclosure by an employee leads to treatment and rehabilitation. A majority of respondents believe that additional work site drug abuse prevention and treatment programs will have to be expanded in the next few years.

The survey found that employers see that drug abuse issues, particularly in the community, are a major concern of and source of problems for their employees and, therefore, they've become a high workplace issue within the companies.

So as a result, the major New York firms are providing a wide range and growing number of benefits to their employees.

It's interesting this has happened even though the direct operational costs to the companies, are generally perceived to be relatively small, since these are mainly service/information companies except for large increases to overall health care insurance and benefits costs.

The indirect cost in employee turnover and absenteeism, theft and vandalism, are difficult to assess but felt to be very, significant.

More than 75 percent of the respondents felt that employee concerns about privacy should be a major consideration in identifying and addressing employee drug abuse problems. More than half require pre-employment drug screening, but very few require post-employment screening. Most employers feel that providing treatment and rehabilitation for employees who abuse drugs should be a higher priority than terminating employment of drug users.

How critical do these companies think the issues are?

The prevailing view is that it's only going to become worse. Firms feel that a variety of innovative approaches by coalitions of

various constituencies are required to address the problem, including business-community, business-labor partnerships, and others.

Employees expect their companies' to support and sponsor both community and work-site based drug abuse education and prevention programs, which can only increase over the years. They look forward to working with government to solving the problem.

Finally, the survey reflects that drugs are directly linked to crime and especially to violent crime in New York. As a result, last week the Board of Directors of both the Partnership our sister organization, the New York Chamber of Commerce and Industry held a special session and urged the city not only to increase the police presence on the streets and subways but urged the city to undertake a number of changes in the criminal justice system. For the first time we came out in favor of strict gun control laws, including the Brady bill now before Congress. Finally, we urged the city to keep in mind this has to be done in a broader framework and you can't abandon education, employment, and other approaches.

Let me conclude by saying that the issue of drugs and crime are reminders that it's time to think once again about an urban agenda. As you know, New York's Mayor David Dinkins has called a summit of more than 75 mayors in November to do this. The private sector is more than willing to participate. We hope that will be the beginning of an urgent dialog on the needs of our cities because it's clear that it cannot be solved by any one jurisdiction alone. It is a national problem.

Thank you.

[The statement of Mr. Shelp appears on p. 75.]

Mr. RANGEL. Thank you, Ron.

We will now hear from Richard Lesher, the president of the U.S. Chamber of Commerce since 1975; author, lecturer, television personality, and the strong advocate of a strong economy, and a forceful business presence.

We are glad that we were able to convince you to share your views with us as to what effect this drug crisis is having on United States businesses.

STATEMENT OF RICHARD L. LESHER, PRESIDENT, U.S. CHAMBER OF COMMERCE

Mr. LESHER. Good morning, Mr. Chairman and members of the committee. We are very grateful for the opportunity to share our ideas with you, even though our ideas may be somewhat naive surrounded by experts as I am.

We are grateful also to the committee for your interest in dealing with this scourge of America. It is a national problem and one which needs to be resolved in the short run rather than the long run.

As you know, we represent some 180,000 companies spread all across the country. I have submitted written testimony in which details chapter and verse of our involvement in trying to find solutions and case histories of things that have worked.

Mr. RANGEL. That will be entered into the record, without objection.

Mr. LESHER. Thank you very much.

The Chamber has emphasized the scope and the effects of widespread drug abuse in our television show and publications, and we are trying to get the message out to all business.

In addition, we have fostered the creation of the institute for a drug-free workplace where we offer helpful information and materials so that our members are better qualified and better able to deal with this problem.

We advocate that all businesses should have a policy in place to deal with drugs so that they can have the goal of operating a drug-free workplace. We strongly believe that business will make the difference in this battle.

The drug problem affects every element of our society in every corner of the country. Millions of Americans use cocaine or marijuana on a regular basis. The National Institute of Drug Abuse revealed that one in four fully employed males uses marijuana on a regular basis, and one in 20 uses cocaine on a regular basis.

A Department of Labor survey in 1989 revealed that 12 percent of job applicants tested positive for drugs, and 8.8 percent tested employees failed a drug test.

The evidence is very clear and undeniable that a significant portion of the American work force is impaired at least some, and perhaps all of the time.

You may ask, so what? What difference does it make to the employer?

The answer to us is pretty obvious: Drug impaired employees endanger their fellow workers; they are not as productive as they may otherwise be; they suffer health problems more frequently than others; and they cannot safely or competently perform the task assigned to them by their employers.

A good example is the massive train wreck in nearby Baltimore in 1987 when a Conrail engineer, stoned on marijuana, caused a collision of his locomotive with an Amtrak passenger train. Seventeen passengers paid for that high with their lives. My written statement contains more of such examples.

American businesses have responded to the call for concerted efforts in all sectors of society to fight the pernicious effects of drug abuse and to discourage drug dependency in the work force.

To this end, many businesses now routinely test applicants and employees for drug use, and the approach is clearly effective. Recent studies show that the number of drug impaired applicants is decreasing. Companies like Southern Pacific Railroad have documented a sharp decrease in accidents after the implementation of a work force drug testing program.

We all know the story of the U.S. Navy bringing down drug use by 90 percent through testing.

Despite this clear success of testing, several States have enacted laws that severely restrict the employer's ability to require a drug test of employees and applicants of these States are even more amazing when we consider the overwhelming employee support for a thorough but fair workplace drug testing program.

There's no question the workplace drug testing is an effective way to address the drug problem. However, that alone will not solve the problem. Americans must have adequate educational op-

portunities so that they may fully exercise their abilities rather than to turn to drugs out of frustration or desperation.

The Chamber sponsors the Center for Workplace Preparation and Quality Education. Its mission is to improve public education through joint efforts in our schools, our businesses, and our local Chambers of Commerce.

The Chamber also endorses the concept of enterprise zones in sections of our cities often affected by pervasive drug use. The Chamber believes that enterprise zones will encourage businesses to locate in areas where their employment needs will enhance the opportunities available to local residents and improve the quality of life in enterprise zones.

Finally, I would like to comment on the notion that certain drugs should be legalized. We cannot even consider legitimatizing widespread drug dependency; approving of the element of impaired employees for work; or contributing to the birth of even more addicted infants. We cannot consider further hampering of our businesses or endangering the lives of drivers, passengers, and people living or working near dangerous operations; or magnifying the need to steal to support addiction; or encouraging the use of substances which are highly addictive and often deadly.

Legalization is not the answer to the drug problem, nor to any of the horrendous effects of drug abuse. Instead, it's a receipe for increasing the severity and complexity of the drug problem.

This Nation has won a drug war once before in our history. Other nations have done so as well. In fact, many nations on the face of the earth today do not have a drug problem. Legalization is not the answer, and we believe that very strongly.

Again we thank you for the opportunity to be here and would be willing to try to answer any questions.

[The statement of Mr. Lesher appears on p. 82.]

Mr. RANGEL. All right.

For the members, you should know that the House is not voting on the substitute amendment offered by Mr. Bryant of Texas on the immigration bill which deletes all the provisions except those relating to family reunification, and that was the first bill.

What I'm going to do is to ask that perhaps you will respond to written questions from the panel. One of mine, which I don't want an answer to now, is whether or not the private sector has ever considered the billions of dollars we are now spending in the drug program per capita—I'm not talking about loss of revenue in terms of employable employees; I'm not talking about lost productivity—and whether or not you could assist us in doing a better job researching it.

We are throwing billions of dollars into treatment that doesn't work, billions of dollars into the health system. It's estimated now to be $100 billion a year in what we're pumping out and we're still talking about $20 billion more in the pipeline for jails.

So we need economists and business people to evaluate what we are doing, and at least to give us ideas as to where we should be going in order to come up with better approaches to the problem. So we're not asking for any more Federal expenditures. We're not asking for any more money from the private sector. You're doing a

fantastic job. We need the benefit of your guidance as to how to do a better job with what we have now.

Mr. RANGEL. Larry.

Mr. COUGHLIN. Thank you, Mr. Chairman.

I did have a question for Mr. Lesher. When we come back will the panel be here for another 10 minutes?

Mr. RANGEL. The one in the middle is the problem.

Mr. BURKE. Yes; unfortunately, I have to leave at noon.

Mr. RANGEL. Larry, why don't you ask the question now?

Mr. COUGHLIN. Then let me just quickly state; first, Mr. Burke, we are the premier marketers in the world, there's no question about that, and advertisers.

To enhance your antidrug message, you have to look at how you target it. You indicated in your testimony that people use drugs because they want to, and that's how you target your message.

May I suggest that peer pressure is involved in your examination of why people use drugs. Is peer pressure important?

Mr. BURKE. Very much so. If my remark made you feel that we don't think peer pressure is important, I apologize, because I think it's terribly important.

You may have seen the commercial with two little girls talking and the boy's thinking he's cool and the girls are thinking he is so uncool. We research those observations with young people. Getting to young people through peer pressure is absolutely one of the keys.

When I say it's because they want to, it's because they've made a decision that they want to after their peers have persuaded them it's a good thing to do. We have to fight the peer pressure at all levels. We see some very encouraging signs in that.

I might add, it's different often by segments of the society. The pressure among the Hispanic society is more sibling related than peer related. It's because of the nature of the Hispanic family. But peer siblings—and I mentioned that in my testimony but maybe I didn't make it clear enough—all influencers; we use that word, everyone who can influence anybody to want to try drugs is our target. When I say they use them because they want to it's because they've been influenced by society and often by their peers to do it.

Mr. LESHER. Could I just add to that? Mr. Burke and I were talking during the break that part of the problem in this country today comes about because of the influencers of the 1960's and the 1970's suggesting that recreational drug use might be not so harmful. Today we're repeating that error indirectly by talking about the possibility of legalizing or decriminalizing drugs. We think that that sends the same very bad message; "Maybe it's not so bad."

So I think that debate is very harmful.

Mr. COUGHLIN. I would agree with you.

Let me just pose a question to you, if I might, Mr. Lesher. On September 20, the House Ways and Means Committee released the results of an investigation they conducted regarding money laundering. I realize this is maybe a little beyond the purview of this meeting. But they sent two undercover agents around the country to 79 different businesses—car dealers, antique dealers, and so forth—to find out how much businesses knew about the Federal requirement that cash transactions over $10,000 were to be reported

to the IRS, and how willing the businesses would be to ignore the requirement.

The results were astonishing. Of the 79 businesses approached, 76 expressed a willingness to accept cash in excess of $10,000 and not report it to the IRS. Of the 76, 21 voluntarily suggested ways of circumventing the requirement, and only 3 businesses refused to accept the cash without reporting.

I have a copy of that investigation to leave with you if you haven't seen it.

Does the Chamber have any type of education program for its members to help out on the money-laundering front? Is there some sort of professional code of conduct that can be distributed to sensitize businesses to this requirement?

Mr. LESHER. We haven't disseminated that information, although I would say that there's so much information that comes out of Washington that people have trouble keeping up with it—if you don't mind me saying so. But I think the fact that some of the people in those numbers you just quoted indicated an awareness of the legal responsibility and a willingness to circumvent that responsibility is undefensible—and that's not a question of ignorance.

I think that larger number, you might give them the benefit of the doubt they just don't understand the law. But I think it's like any other law, the way that you get that message out most directly is by vigorous enforcement from time to time.

Mr. COUGHLIN. It seems to me the Chamber has a role, however, in trying to sensitize businesses to this requirement.

Mr. LESHER. We attempt to meet that need.

Mr. COUGHLIN. It's important.

Mr. LESHER. It's part of the message covered up by a lot of other messages as well.

Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. RANGEL. Mr. Payne.

Mr. PAYNE. No, thank you.

Mr. RANGEL. Mr. Guarini.

Mr. GUARINI. We know our role and the business role in responding to the social problem out there, but have you heard anything from our trading partners overseas in the Common Market or in Japan as how some of these problems should be handled responsibly from businesses?

Is there any learning that we can do from looking at the other industrialized countries of the world?

Mr. LESHER. Our staff is trying to pull that together right now. In my testimony there's a little excerpt from Singapore, but the quotation there was that——

Mr. GUARINI. They hang them there.

Mr. LESHER [continuing]. They cleaned up their problem. They did it by very strong education and very strong law enforcement, and the death penalty for the kingpins and the dealers. They also went on to say that they advise us not to even think about legalization because they lost an entire generation that way.

I hosted the President of Turkey last week in building and I asked him: Do you have a problem with drugs in Turkey?

He said, none whatsoever. We never have because we do not tolerate it.

Mr. GUARINI. They have strict laws in many places, like Iran has put in some very strict laws and they've hung a number of people.

Do you believe that strict punishment is a deterrent to crime?

Mr. LESHER. I believe that's very much supportable by the evidence, particularly in the case of drugs with people who are dealing the drugs.

Mr. GUARINI. Lastly, just let me ask you. What do you think Congress can do to help stimulate a still greater response from business in this area?

Mr. LESHER. I believe it's time to consider a national law which would preempt State laws which might not allow testing. We believe to clean up the workplace, testing is absolutely essential. Some States are going in the opposite direction. We think that that could clog a whole national approach to a solution.

I'm trying to learn more about the new California law where you are not even allowed to discriminate against the hiring of a drug user. Even if you know the person is a drug user, you cannot fail to hire them on that basis. They are viewed under the California law as handicapped. I think that that aggravates the problem.

Mr. GUARINI. Counterproductive.

Mr. Burke and Mr. Shelp, do you have any suggestions as to what Congress can do, in addition to what Mr. Lesher said?

Mr. BURKE. I would support Mr. Lesher's remark. First of all, I want to say, I think having these hearings is very important because business leadership has so many priorities to deal with these days, and that will increase.

I think whenever and wherever you can, you should remind every American, and particularly every leader in this country, that they simply have to get involved in this problem so we can solve it.

I do think that the testing issue is a very vital one, at least in terms of pre-employment testing. As I said earlier in my testimony, I think that if we could get every young person in the country to understand that there are going to be no jobs out there for people who are using drugs, you will send a very powerful message that will help to turn off this problem.

Mr. RANGEL. Let me say this. We have less than two minutes if we're going to make this vote. I want to thank the panel.

Lastly, I hope I can convince the members of the panel to ask for another meeting with you in a very informal way, without the mikes, so that we can have more time to get the benefit of your ideas.

Let me thank you very much for the time you spent with us.

Mr. BURKE. Thank you, Mr. Chairman.

Mr. RANGEL. We will adjourn for 10 minutes.

[Recess.]

Mr. RANGEL. The committee will resume the hearing. We apologize to this panel because of the number of votes. There will be another vote in 10 minutes, but still this will not stop us from hearing your testimony.

Bill Grinker is president of The Twentieth Century Fund, and someone who I am especially pleased was able to accept our invitation because I can think of no one among all of the panelists who better understands why so many people have turned to drugs, narcotics, alcohol, and the problems that we face in our inner cities.

Also, because he is actively heading up a research organization and clearly, from the testimony we've heard, as well as in other work we're trying to do in the Congress, we know research has not been as important a component of what we're doing as I think we agree it has to be. So we need your expertise.

Joe Walsh, vice president of New York Telephone, we're glad that you're here because you deal with so many people, hire so many people, and you are involved in so many community activities. I cannot think of any educator or person involved in the drug field who has not mentioned what you have to go through yourself in preparing people to accept a work experience and a work responsibility in a business. No matter how high tech, you still are going to have to rely on well trained people.

One of the reasons why I asked that New York Telephone be here is because of my knowledge—and I discuss this with Morgan Kennedy every chance I get—of the amount of money you have to spend to make certain your outfit remains competitive. We want to know whether you think—without getting involved in Republican or Democrat or Federal or local—with the taxes that you're paying that government made the proper investment to produce in the first instance an employee that can be of service to you?

So we're glad that both of you were able to accept our invitation. As I told the previous panel, this is not the ideal way for us really to exchange ideas. We need staff, we need members, we need you, we need representatives from the White House to come and to talk and to see what we can be doing. But this is a good beginning and I'm more than pleased that you have accepted.

Why don't you start off, former Commissioner Grinker. Both of you know that your entire statements will be placed in the record.

STATEMENTS OF WILLIAM J. GRINKER, PRESIDENT, THE TWENTIETH CENTURY FUND AND JOSEPH N. WALSH, JR., VICE PRESIDENT, PERSONNEL OF NEW YORK TELEPHONE

Mr. GRINKER. Thank you, Mr. Chairman. I do want to correct the record—I'm not president of Twentieth Century Fox. I wish I were—but I'm at the Twentieth Century Fund, a private foundation. Maybe some day I'll make it to Twentieth Century Fox, however I will summarize my statement, which is in the record. I believe I can be most helpful by limiting my remarks to the area I know best, which is the catastrophic and human toll drugs are taking on our poorest communities.

Throughout this hearing as we've heard this morning, we've been told that overall drug use is down and public attitudes have shifted against illicit drugs. But among high risk populations in our poorest neighborhoods, contrary to overall national trends, illicit drug use, especially crack abuse among inner-city youth, young women, individuals arrested for all types of crimes, has risen over the past several years.

Nationally, 80 percent of persons arrested test positive for illegal drugs. Youths caught up in the juvenile justice system are four times more likely to test positive for drug use than their counterparts in the general population. Most infants testing positive for drugs at birth are born to poor, unemployed, and uneducated

young mothers. Best estimates are that close to 100,000 such infants testing positive for crack/cocaine are now being born annually.

It's also true that crack use among those highly at risk populations may have peaked and that usage may be on the decline slightly. But as overall levels of use remain so high, it would be foolhardy and costly to hail these slight declines as victories.

David Musto from Yale University points out, based on past experience, that while we're likely to win the war on drugs in the middle class, there will be a strong temptation to write off the problem in the inner cities as being irredeemable. Thus I fear we're on the way to a dangerous two-tier solution: settling for change in the middle class and continued suffering among those who we've now taken to calling the under-class, will now and in the future extract a staggering cost on poor individuals, families, and neighborhoods, and from society generally as these dysfunctional elements are spread beyond the boundaries of the poor.

It's also obvious that there are strong countervailing forces that work in our poorest communities. Again to quote Dr. Musto, "the most vigorous fighters against drugs in the whole country happen to be in the inner city." But because these communities are so beset by a range of other problems which drug use only builds upon and exacerbates, these efforts have had far less impact than treatment and prevention endeavors targeted at the middle class.

I should also point out that despite the prevalence and virulence of illicit drug abuse among high risk groups in poor urban communities, overall levels of drug use still are not significantly greater than in more affluent neighborhoods. In part, this is because of the continued positive influence of religion in poor and minority communities.

Also, in many neighborhoods there are increasingly effective community organizations offering opposition and alternatives to the drug culture. Of special promise, are community development corporations that have, over the past 20 years, served as tremendous positive force for change. There are many other community organizations such as public housing tenant organizations and settlement houses that are active and effective in this battle.

These efforts are developed and staffed by selfless and dedicated people, and they do laudable work. But too often they work in isolation and are limited in their ability to have a major impact on poverty and deprivation because of inadequate resources. They are able to save a few, but too many remain at risk.

Now some would suggest a Marshall Plan approach to our poorest neighborhoods. While I'm very sympathetic to this idea, I'm not optimistic about its being undertaken given current political will and fiscal realities.

If I'm correct, our resources will have to be husbanded carefully and targeted carefully to serve those on the edge. Even so, this will require extensive and expensive support and service systems. But the financial costs in human suffering of ignoring these needs makes the necessity of a comprehensive solution a case of pay now or pay much more later.

Just to illustrate the cost, Mr. Chairman, I want to focus on one segment of this at-risk population—100,000 babies will be born this

year alone with positive toxicologies for cocaine. In round and frightening numbers, it may well cost this Nation over $10 billion in current dollars over the course of these babies' lifetime to compensate for the damage done by the drugs they absorbed while in the womb.

This number is grounded solidly in sad reality. Those who have worked with the first generation of crack babies who are now just entering kindergarten, estimate it will cost $4 billion just to bring them up to a point where they can enter school at a level equal with their noncrack affected peers. Even with intensive early childhood education and other support, about 10 percent of these children will need special education, which will require another $2.5 billion.

Experience has shown that probably half of these children of drug addicts will likely require foster care at some point in their lives, and we can estimate an additional $1.5 billion cost. Add another $750 million for those who will have run-ins with the juvenile justice system. Tragically, at least a small percentage of these children will also pass through the adult criminal justice system, to the tune of another $2 billion.

Mr. Chairman, I'm not even considering the cost of teenage pregnancy, or loss of potential earnings power and marketable skills because of dropping out and inadequate education, the need for future drug or alcohol treatment or the cost of creating another generation of welfare dependency. We can multiply this $10 billion number many times but the end result will be the same.

In sum, it's an unnecessary mortgage of immense proportions on our future. Even more tragic, as you know, Mr. Chairman, it's a blight on our Nation which holds itself out to be a caring society.

As I've said, my team and I have been working for the past year to come to grips with some of these issues. Most importantly, an obvious lesson we quickly learned was that drug treatment or warnings against drug use alone will rarely be successful in these populations. Drug offer more than momentary pleasure; they also offer a temporary escape from poverty, unemployment, family problems, and an empty future.

We subscribe wholeheartedly to the concept that you have enunciated this issue so well by looking at it holistically. With the financial support of several foundations, we have developed a strategy that would attack this problem frontally with an initiative targeted to three populations in high risk low-income neighborhoods.

I'd like to take a few minutes to briefly describe the programs and designs for these components.

Mr. RANGEL. I'm sorry to interrupt you, Mr. Grinker, but we have to go vote. We should be back in 5 or 10 minutes.

[Recess.]

Mr. RANGEL. The committee will resume its hearing and will hear further from former Commissioner Bill Grinker.

Mr. GRINKER. Thank you, Mr. Chairman. I was just beginning to briefly describe the kind of comprehensive program initiatives that we're espousing and plan to undertake.

The first would be an adult offender program to be opened to inmates returning to the community who entered treatment while in prison. The program would begin with the development and imple-

mentation of a unified assessment, computer vacancy control and tracking system to ensure that maximum coordination and follow-up services were secured. The service package would include drug treatment, housing, employment and training, and parental and family responsibility counseling.

A second component would focus on at-risk pre-adolescents. Depending on individual needs, service strategies would include family counseling, exposure to positive role models through mentoring, after-school and summer recreational activities, tutoring and remedial education, and incentives for staying in school, such as guaranteed summer jobs and post high school education or employment.

Our third component would target infants born with positive drug toxicologies. In addition to immediately being enrolled in a highly structured therapeutic day nursery, these vulnerable babies would have easy access to health care, nutrition services, and child development training. Case managers would also coordinate parental training, family counseling, family planning, and where appropriate, drug treatment for mothers.

These three components will build upon the strength of existing community-based organizations in poor neighborhoods, providing them with the capacity to strengthen their programs and to develop stronger ties to other organizations, institutions, and government agencies serving their communities.

This kind of initiative can and must be used as part of a broader process of rebuilding neighborhoods now struggling with a range of individual family and social problems among the minority of their populations.

To carry out this program we're going to need a commitment from both the public and private sectors if we are to mount an effort large enough to first test out the effectiveness of our premise, and later, if it proves successful, to expand to additional besieged communities.

We have received strong indications from the foundations that have thus far supported our effort that they will continue to do so, and I have mentioned those in my testimony. It's crucial that the Federal Government be an active participant in this endeavor.

To mount the kind of comprehensive program I have outlined, combining public and private resources, we're recommending that a new intermediary organization be established as a mechanism for overseeing, guiding, and evaluating these initiatives. Over the past two decades, central intermediary organizations have proved to be a highly effective technique in undertaking the large scale development and testing of new social policy initiatives. We believe that in the area of substance abuse such an entity could focus attention and increase understanding of what does and does not work in the field. It would be a highly effective vehicle for rallying government and private foundations and corporations around an action agenda.

I intend to start this effort by creating a not-for-profit corporation that would be the recipient of public funds through existing executive branch appropriations or through a special line-item appropriation from the Congress. But I also want to raise the possibility with you of a different idea—considering the creation of a federally chartered corporation. Such a Government corporation would

provide a more formal and enduring institution and would signal the seriousness of our resolve.

The mechanism has been used in the past to ensure the efficient handling of issues deemed of urgent importance to the country. Tellingly, however, federally chartered corporations have generally been created in order to help the Government carry out a business mission.

I submit to you, Mr. Chairman, it's time to invest in our human capital as well. Saving lives has to be as important as showing up an ailing business enterprise.

An upfront Government investment in the kind of program I envision would produce significant important returns over time: healthy children, more functional families, productive adults, lower crime rates, and stable communities.

In addition to the fiscal wisdom of granting a substance abuse initiative the status of a federally chartered corporation, it is an issue of basic fairness. With the creation of the Resolution Trust Corporation, Congress rescued the futures of many middle-class Americans. I am not looking for $250 billion; far from it. But I'm only suggesting that we begin to give the same consideration to the poor.

Mr. Chairman, you've said there are no more resources, but I know you better than to think you will rest until we really solve this problem. The economic health of this Nation is intimately tied to the quest for social justice. The obstacles that prevent too many from taking advantage of opportunity, and substance abuse is, after all, only a symptom, not the cause of our social ills. These obstacles must be eliminated. We must obliterate hopelessness and restore faith in the American dream for all our citizens.

Thank you.

[The statement of Mr. Grinker appears on p. 111.]

Mr. RANGEL. Mr. Grinker, I'm assuming that your testimony was prepared before you heard the President's address last night.

Mr. GRINKER. That's right.

Mr. RANGEL. Because if I understand the President correctly, his package is a 5-year package that would not provide for new spending programs, and he considers new taxes not to be included as a part of his program—meaning not touching individual or corporate taxes. I don't see how we can raise any more excise taxes if this budget passes.

It's a 5-year program. So maybe the first place we'll start if this budget passes—if the resolution passes tomorrow—is by analyzing politically what can be done.

Do you see any new starts in 5 years if this budget passes?

Mr. GRINKER. I think there may be some new starts, but they certainly will be very modest at best

Mr. RANGEL. It's pay as you go?

Mr. GRINKER. Yes.

Mr. RANGEL. As long as we're reading his lips on individual and corporate taxes, we won't have anything to pay it with. We can't go back to Medicare. Well, there is Social Security.

Anyway, we'll see what happens after the vote tomorrow and then we will regroup.

Joe Walsh is vice president of personnel. He's been with New York Telephone since graduating from Princeton. I guess the best education that he could possibly have is that he is a New Yorker besides being a fellow former sergeant, which, of course, is some experience. But we're glad, Joe, that New York Telephone hasn't left us; that you still stick with the community and try to reach out and see how you can assist the youngsters in becoming employees in an outfit that takes care of its own.

Of course, we want to help you. We don't want you to run away from the policies that you've staked out a long time ago. No matter what group was the poor of New York, you've managed to make certain that you've worked with that group, and you've kept that commitment. We are obligated to you to find out what we can do.

It could very well be, as Bill Grinker has stated, we may have to deal with the same pot and reorganize it, because I personally believe there's a lot of waste in what we have now locked into spending. Maybe with some of the exciting ideas that he's talking about and you will be talking about, we can redirect it.

Proceed as you feel comfortable. I apologize that you had to wait so long.

STATEMENT OF JOSEPH N. WALSH, JR.

Mr. WALSH. That's quite all right. Thank you very much, Mr. Chairman.

Just before I get to my prepared remarks, let me make a few comments. You really had some talented and dedicated witnesses who have been most insightful on problem identification. There's lots going on, as you just pointed out, to try to solve this problem. There are very innovative things going on.

But despite the enormity of the problem, for most of the people who were here today—this is only a part-time problem. That's unfortunate, because as a businessman, I've got lots of other things to worry about. But this is an enormous problem. So it seems to me that what's needed is a concentration of our efforts, a concentration of our energy, a concentration of the expenditures and, therefore, a concentration of leadership. I think if we could really work on coalescing lots of things in lots of areas—such as is taking place at these committee hearings—we're going to come up with some of those ideas.

But I think the dependency on leadership and the dependency on bringing together all of the things that we've been doing—and a lot of the exciting things that are on the horizon—are extremely important.

Business is very interested in this problem because we're selfish. We need to continue to go the course. If we're going to go the course, we've got to solve it. But again, it's a part-time problem, so I think we need to work on leadership.

I'm going to read my prepared remarks. They may be somewhat repetitive, but I think the repetition to a degree is important. I'm going to talk from a little different perspective because I'm sure you're going to talk about the perspective of the person who is in a business who is dependent upon lots of things that are going on in our society. So, let me begin.

New York Telephone is one of the leading private employers in New York State. From Brooklyn to Buffalo, 47,000 telephone men and women provide a broad range of telecommunications services to more than 7 million homes and businesses throughout the State.

Naturally, we care very deeply about what affects our business, our employees, our customers, our cities and communities, and certainly our own future. I am truly hard-pressed to cite a problem that causes more human and economic fallout than the problems associated with drug and alcohol abuse because we find that they do go hand-in-hand; they are not separate. We find very few people in our business who have either one or the other; that's a rarity today.

As this committee knows all too well, we're in the midst of a drug crisis that absolutely knows no bounds, and it is certainly creeping out from the inner cities to the suburbs and even farther out into some of the rural communities.

It strains our institutions, siphons our finances and stunts our economic growth; and it leaves untapped the productive energies of a generation and perhaps generations to come. That's the very sad part of this whole story. When you talk about hope and you talk about something that you want people to look forward to, that to me is the gravest injury that we have to deal with.

Festering below the surface of drug abuse are breakdowns in our social institutions: the lack of intervention for at-risk youth, as well as shortfalls in health care, housing, education and job training. You've touched on almost all of those as have some of the prior witnesses. All make their debilitating contributions to the downward spiral of drug abuse.

But such breeding grounds for today's drug epidemic are best addressed by some of the other folks who are truly more subject matter experts than I am. What I am prepared to share with the committee is a facet of the overall problem, and that's New York Telephone's recent experiences recruiting qualified employees and some of the actions that we have taken.

Unfortunately, the training and employment environment has changed for the worse over the years. Twenty years ago a high school education prepared an individual to qualify for an entry-level job at a major corporation, and certainly the New York Telephone Company. Today, for many, a high school diploma is often little more than a certificate of attendance.

Worse still, too many students in the cities, the suburbs—everywhere—leave school before receiving that diploma. The dropout rate in our home city of New York, as you know very well, Mr. Chairman, is a staggering 40 percent. Herein lies one of the sources for drug abuse. As this committee's briefing paper states: "One frequently chosen path after dropping out is drugs."

The inevitable result of a poor education is a shallow pool of qualified people for businesses such as ours.

A few years ago, just as I became vice president of personnel at New York Telephone, in seeking to fill several thousand seasonal and full-time jobs, we had 57,000 applicants who took our basic employment test—which consists of reading, writing, and reasoning ability. Only 2,100 passed—that's about 1 in 30. Some couldn't even follow the directions because of grave reading deficiencies—obvi-

ously an enormously costly problem for us and, I think, a very fast and easy reflection of a huge problem.

Of those who successfully completed our basic skills test, a significant number could not pass the drug screening that we give as a pre-employment test, despite a written statement to the applicants beforehand that each would be tested.

Mr. Burke also mentioned that fact. We say that you can't come to work for us unless you begin the process in a drug-free environment. We tell that to all potential employees who come to be tested. Yet a high percentage of them fail even with that knowledge.

Although the ratio of successful applicants has improved in subsequent years, New York Telephone still is hard-pressed to recruit employees capable of performing the high tech needs of the business. We're not alone among employers in this city and State—and I'm sure across the country—that are having such hiring difficulties.

What does this dwindling labor pool mean to businesses?

Well, first, there's the cost of retraining and lost productivity, a figure that one expert puts at $25 billion a year nationally.

I think we need to address that and think about that. Is it going to be business' responsibility to take on the need to retrain because education has not provided, an opportunity for somebody to get a job or to be hired?

Another consequence is company relocations. New York City has already lost a number of major employers, including J.C. Penney and Mobil, as well as the back office operations of numerous banks, insurance companies, credit and brokerage houses.

Of course, there are other reasons why businesses leave New York and why they leave other locations, and why perhaps they move offshore—taxes, regulatory environment, the high cost of labor, crime and any of a number of other reasons.

Nevertheless, nothing is more critical to employers these days than a plentiful pool of qualified workers.

Various year 2000 projection reports and the celebrated "Nation at Risk" study tell us that the work force will grow more slowly, become older, and more disadvantaged; and the jobs will demand even higher skill and education levels.

These dire demographics are not problems of the year 2000 or even the late 1990's. We're facing these problems right now.

We in the business community confront them every day. Today, companies are saddled with providing their employees with remedial training alongside technical development, with substance abuse counseling next to physical fitness centers. That's after a potential employee can be identified and recruited.

Tell me, how can our Nation or a company like ours, compete in the emerging global economy burdened by the huge toll that dropouts, substance abusers, and other inadequately prepared employees extract from a company and society in terms of low productivity, accidents, absenteeism, and poor product quality?

Mr. RANGEL. That's my question.

Mr. WALSH. It's an enormous question, Mr. Chairman.

We're to the point where we're not going to lower our standards. We don't think that's right for the public; we don't think that's right for our customers.

Mr. RANGEL. You can't do it if you've got to be competitive. It's not even one of your choices.

Mr. WALSH. Exactly, but there's a lot of pressure at times to do that.

On the contrary, as we look at our business and a lot of other businesses, particularly in the service business, we see even higher skill levels required for those entry-level jobs than lower skill levels. So it does make it more complicated.

We've got a stake in New York. We've been a part of New York City for more than 100 years. We're not going to leave the communities we serve, as you mentioned. We've been here for lots of decades in the past, and we'll be here for decades in the future. So we've committed ourselves to help make a difference. We're selfish. We need to make that difference if we're going to survive. I think that's helped us to do some of the things that we've needed to do.

We recognize that a failure to take action means opening the doors for thousands more to enter a cycle of despair which starts with the lack of a proper education and ends in drugs, crime, poverty and homelessness—and our inability to obtain employees.

I should also mention that these people are going to be our customers. And that's as valuable an asset, too, as is certainly the employee.

We set out to help New York State produce students who can read, write, compute, and aspire to become productive members of society—I concentrate on that aspect. I think that aspiration to become productive members of society is extremely important. There's probably no more important thing as you look at the longer picture. If you can't provide an alternative for somebody who thinks that the best way to move ahead in this world is to help somebody sell drugs—because it looks like it's a quick fix, it's quick money, it's an easy way to make money, and you don't have to go to school—then I think we've got to find different alternatives.

So we forged a lot of partnerships between business and education, and we've done that really with the upfront group. That's very important. Mr. Burke talked about the two—the terminal piece and the upfront group. We've concentrated on that upfront group: setting up in-house learning centers; we've enlisted our employees and our retirees as volunteers, as tutors and mentors. We've been doing a lot of mentoring with youngsters in fifth and sixth grades; These are children whose schools or local churches have said that they don't look like they're saveable.

One on one is a very expensive way to do business, but a very profitable way, we find, to set role models up. I think that's very important. We sponsored achievement awards, internships, adopt-a-class programs, job fairs and much more. We're not alone in doing this. Lots of other businesses are just as involved.

This year we got our arm twisted by Mr. Burke. So on the back of all of our directories in New York Telephone is some public service advertising about drug awareness. This is not an enormous step, but I think it's part of a partnership that says what Mr.

Burke is trying to accomplish. We believe in, and we want to work with him to see what we can do. Lots of other businesses, I think, can do similar-type things. I think the more you focus on the problem, the more aware and concerned people are going to become.

As I said, we're not alone in these efforts; lots of other companies in the State have been just as active in the education area and education programs.

Yet more must be done, and not just by the private sector but by governments—and government at every level. Among government's foremost responsibility is to provide a public education that produces literate graduates. The more a system challenges students to stay in school, to have aspirations, to seek goals—the more it fosters an educated, employable populace, and breaks the relentless cycle of drug abuse, poverty, and crime. The school has got to become a challenge and that process has got to be something that people look to; and at the end of it there is perhaps not a rainbow but there is a reward.

Money is one part of the problem. We've talked about that. Funds have been slashed from enrichment programs throughout the State—the withdrawal of Title I status in many schools has burdened teaching loads and classroom size; afterschool programs are dwindling; teaching salaries as a career incentive remain uncompetitive, and successful drug prevention programs need to be continually identified and expanded.

Government must take the lead in mobilizing what I like to call a new Marshall Plan for education—or we could call it a Rangel-Coughlin Plan. It doesn't make any difference what we call it. I just think we need to get on with it.

Sure business and volunteers can and do pitch in, but the education problem we face is too broad, too pervasive, too overwhelming for an easy fix by local business and well-intentioned organizations.

More frightening still are the catastrophic consequences of Government inaction.

Success requires cooperation—cooperation between Government, the private sector, and education. With Government as a catalyst—I think that's critical—the private sector can build even stronger ties with schools through a wealth of proven programs. Ones I've mentioned before include the following: mentoring, tutoring, sponsoring and training.

We can go into schools, for example, and teach them how to become an installer. There's a course that you would take as a junior and senior, a job for you in the summertime, and a guarantee of work when you get out of school. We're happy to do things like that. What I don't want to do is hire somebody that I'm going to take 1½ years to train once they get into my operation. I'd rather do it the other way. We could welcome the newly educated and propel them into the American mainstream. I think we have a much better chance of doing that drug-free, if, in fact, we do it in that fashion.

I'm the first to admit that I don't have all the answers, or perhaps any of the answers, about the education and the drug problems we're facing. But one thing is certain. If large numbers of this generation continue to drop out of the education mainstream, they will fail, and they will stumble, and they will most likely fall into

the oblivion of poverty, crime, and drugs. Then we all fail—business, society, the economy, and government—and that's intolerable and untenable.

So I commend you for your beginning. I think it's most important and I think we need to continue it. These hearings could and should point the way for Government to take that vital leadership role.

Thank you very much.

[The statement of Mr. Walsh appears on p. 128.]

Mr. RANGEL. You've just volunteered. We need someone who can admit they don't have the answer. Perhaps some of us who have been around as long as we have have run out of ideas and things may have changed, and it may be time for a new view. But you really seem like a guy who knows his way around, Joe.

How many people do you have in your shop that you are in charge of in personnel?

Mr. WALSH. In the department itself?

Mr. RANGEL. No.

Mr. WALSH. In the company? The company—47,000 employees.

Mr. RANGEL. In the course of just doing business, do you come into contact with people who hire a large number of people in the city and State of New York, those who run personnel departments for department stores and whatnot?

Mr. WALSH. Yes; I do.

Mr. RANGEL. When you people get together do you share the same type of problems as to the amount of operating expenses you have to invest in order to get these applicants up to par, and that things aren't like the good old days?

Mr. WALSH. I think the answer to that question is it's not as noticeable to a great many of the other institutions because they're not out hiring as many people as we are out hiring number one. Most of them are not hiring throughout the State.

I think if you look at government and at some of the other utilities in the State, yes, they face some of the same type of problems that we do.

Mr. RANGEL. Everywhere I go, whether it's the small grocery store or the department stores, people I met talk of how unqualified high school grads are, and how they have to spend so much time and money to get people even to understand what the job's about.

Now having said that, it would just seem to me that your company, as a major taxpayer in the city and State, and Federal Government—now you pay for the Federal Government since 1981, whatever the case was—but that you should be outraged that you're not getting a fair return on your tax dollars; that all of you should get together and go to the United Federation of Teachers and to the Board of Education and say, "Listen, I support higher salaries but you people aren't trained to produce the type of employee that we need." You went so far as to say in your testimony that you're prepared to put your people in there to get the type of employee that you need.

Now, the problem I have seen as a politician is that they're training teachers the same way they trained teachers when my mother was going to elementary school. Each teacher says how

easy it was for the other teachers before them. But that doesn't have anything to do with what—I mean, you would not listen to a doctor telling you when you're going into the operating room how much easier it was to operate at the turn of the century.

The question is, have you been retrained? Do you understand the techniques? Do you see now what you should be able to do?

Now I don't hear that being asked of teachers at all, by anybody, ever. I know the teachers, and they're being trained the same way.

Someone testified today—Jim Burke—even the doctors aren't being trained to deal with drugs. They don't have that in their medical school training to deal with drug addicts. Why, I don't know.

What I'm basically saying is that is where that aspiration is shattered, that you talked about—I agree with you 100 percent. It is not making it that really is great in this country.

Mr. WALSH. Right.

Mr. RANGEL. It's believing that you can make it that's great in this country. If that belief is shattered in the school setting—the teacher shouldn't be a police officer, shouldn't be in charge of a shelter, shouldn't be a nutritionist. But I would like to believe that if you were running a shop, Joe, that you would say, "Before I take the job these are the things I need: the kids have to have eaten, they have to have a place to stay, and we have to have someone to take care of the discipline; and this is my work force that's got to deal with the teacher.

"If you can't give me that, then I cannot produce for you the type of graduate that you want to see. I can't even tell you that they're going to graduate."

Mr. WALSH. Yes.

Mr. RANGEL. No one even talks about it. Politically you don't do that. They just got a 5-percent raise and we've taken care of that. But it just seems to me, when you ask, "Whose responsibility it should be?" you're paying for someone to do it. The responsibility is clear. It's a public responsibility of course, whatever you volunteer is always accepted. But we're not meeting that basic responsibility and no one's putting Government to the task.

If you're waiting for a Marshall Plan—you know, you two must have gotten together before you got here—we'll have a special budget meeting to tell you that we have to decide first which group of Americans we want to hurt in order to take money away from them in order to do something.

I don't even have a problem dealing with that because you tell me, Bill Grinker, which drug programs, or what percentage of the money that we're putting in drug programs that you believe is rehabilitating people and turning them into useful citizens who could apply for a job with Joe Walsh and be accepted.

You tell me what percentage of the people being discharged from our penitentiaries we can send straight to the telephone company and know that the telephone company would welcome them because they're qualified as the result of the training they got in jail.

Mr. GRINKER. It would be very low, Mr. Chairman, but there would be a percentage. But I must say I don't want to denigrate the treatment that's being provided. A lot of treatment does work for some people. But what I'm saying to you is that you need more

than treatment. Obviously, we know a lot less about works for whom than we should.

Mr. RANGEL. I'm not knocking the people who are doing the best they can with what they have to work with. I've learned politically not to do that. But I've also learned not to do that so that they're not embarrassed. You don't ask them, "How many people return to drugs after they've completed your course?" As a percentage, that's in the 80's and 90's.

Larry.

Mr. COUGHLIN. Thank you, Mr. Chairman.

We appreciate your testimony here today and your taking the time to ccme here.

Of your 47,000 employees, Mr. Walsh, do you have any idea how many of them are single parents?

Mr. WALSH. Off the top of my head I do not, Mr. Coughlin. A great majority of them, or a much higher percentage than it used to be for sure.

Mr. COUGHLIN. Do you have any idea how many of them have children who have dropped out of school?

Mr. WALSH. I do not.

Mr. COUGHLIN. That's a starting place, I suspect, for lots of businesses that look at their labor forces and try to determine what can be done. In terms of dropouts and in single parent households, which may make it more difficult to raise youngsters who want to be productive members of society, how do you go about motivating young people? Either one.

Mr. WALSH. Let me just respond to the first part of your question.

We're in the process of doing a needs assessment in which we're asking our employees what are their problems and, therefore, what are their needs, which I think addresses a little bit of what you were talking about. That is, if you're a single parent what do you do in the morning when your child has chicken pox and the child normally went to a good daycare center?

What do you do at that point? How do you, in fact get, to work? What are your alternatives? Therefore, what can we try to do for you in business?

I think you really need to start at that early kind of an age so that children don't get used to the fact that they don't go to school; or nobody cares for them when in fact they can't go to school. Or there isn't an alternative; there isn't an option. So, yes, we are looking at that piece.

Mr. COUGHLIN. What percentage of 47,000—I should have asked this first—employees are women?

Mr. WALSH. Half.

Mr. COUGHLIN. Half.

Mr. GRINKER. Mr. Congressman, I would say that one thing you do to deal with this problem, is to give these kids a real commitment to a viable alternative and a real belief that they have a chance. These kids are very sophisticated, and they know when they're being conned.

Mr. COUGHLIN. I give them that.

Mr. GRINKER. See doing that. By showing them your serious that by giving them a commitment very early on and reinforcing it continually.

Mr. COUGHLIN. In school or at home?

Mr. GRINKER. Both in school and out of school, with after school programs for kids. By mentoring the kind of program that New York Telephone and many other corporations have done, giving youth real role models, giving them opportunities that middle-class kids would have, so that they believe that they have a future; that they have a future that's not a future of deprivation and hopelessness.

I think one of the programs we often cite in this area is Eugene Lang's "I Have a Dream" program where he went to kids in a junior high school and said, I will commit to you that I will guarantee that you will go to college if you finish high school. It was a very effective message—and you will see this is I believe in your district, isn't it, Mr. Chairman—that those kids changed their behavior patterns significantly, because they could see that they had a future. We have to demonstrate to these kids that they have a future. We can't just say you have a future—we have to really provide tangible alternatives.

Mr. WALSH. I think the Summer Jobs Program, which in New York we're all familiar with, brings a lot of youngsters into a work environment that perhaps would not have come into the work environment. I think businesses look upon that as having fulfilled their social responsibility—I gave a job to a poor youngster who wouldn't get one.

We changed our approach a couple of years ago and, again, from a selfish standpoint, said, look, we're going to have these youngsters come in and spend 3 or 4 months with us. Why don't we try to make them productive employees and give them that hope at the other end so, in fact, this is not just a one-time shot to get them off the streets and then back out they go. Let us pursue more permanent types of employment in the future for these youngsters who haven't been tremendously successful. It will take a little time for us to change our ways and to start to think about doing that.

I think that's the aspiration and the hope that you see at the other end, that there is more. I think, by the way, that can be as destructive as anything else if you just bring somebody in and let them take a look at what's nice and then send them back out again. They say, my God, what have you done to me? That's what I'd like to be. Now why can't I come back—you hire me for the summer—they come back in and we test them for employment and they can't pass the test. They say, wait a minute, I worked there all summer long, nobody told me I didn't.

So we need to be careful, I think, about some of the signals that we send. We have to walk and talk the same.

Mr. GRINKER. Another thing that I think the Chairman alluded to, you have to have teachers who are not teaching on the assumption that these kids are going to be failures. You have to have teachers who can give those kids a message that they can succeed and who can help them succeed.

Mr. COUGHLIN. Is the dropout rate in New York City going up or down?

Mr. GRINKER. It's gone down by about 10 percent, although the numbers are a little fuzzy—but it has gone down somewhat.

Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. RANGEL. Joe, you seem to apologize sometime when you say that business does this, or you do it for self-interest. That's exactly what these hearings are all about. We've reached the point, I think, that government will be unable, or we don't have enough room, to come up with any comprehensive programs.

So, therefore, it has been our idea that if we can generate self-interest—which is, again, national interest—to be competitive, that—and since you know that your taxes one way or the other are going to go up—I mean, really, you can watch what's going on down here but then you have got to keep your eye on Dinkins and Cuomo.

Mr. WALSH. That's tough.

Mr. RANGEL. So it would seem to me, if I were in the private sector—and it looks like they've got to drive me out there—but I would say, "Look how much I am spending in trying to do my job and keep these employees to the standard that my company expects, and look how much I'm paying other people who should be doing this. I'm not getting the bang I should be getting out of my tax buck."

Maybe then somebody would say, "Listen, this whole idea of no new programs and no new taxes—that makes sense if you're just looking at the bottom line."

But I'm sorry, Bill, that I interrupted when you were talking about drug programs. I know for a fact that there is no Federal standard for drug treatment, and we give billions of dollars for treatment. If it was my kid or my grandkid, and I went to the highest source in these United States' departments and agencies, and said, "Hey, where do I send my kid?" What has been our experience—they don't have the slightest idea.

Yet, we have money for treatment in a block grant program, which Bill understands, but I don't know whether you understand, Joe. It means that we just push the money out to the 50 States and the possessions.

Mr. WALSH. Yes.

Mr. RANGEL. That's not fair to the taxpayer. Somebody should be able to say, you don't get these bucks unless the program's doing A, B, C, and D—and we're going to monitor this; maybe 1 year is too short—5 years. Show me that 25 percent of the people in the program are drug-free in 5 years. That's not asking for too much.

But we are still pumping out the bucks saying that we've got to balance the budget. The billions of dollars that are going into the criminal justice system that everyone feels so good about is one of the big—that's what we've got to have, just a special day, to bring in the CEO's and some specialists, and just walk in and out of jails, and to ask what we're paying per day for an inmate.

What do we get when the inmate is released after the sentence?

So it's $1,500 a day for a kid in intensive care in a New York City public hospital; $600 a day if an addict just falls and is picked up. It probably is $1,000 in the emergency room—$600 for every day he stays in there—drunk, OD'ed, or getting well; in and out.

You know, you can go to a Helmsley hotel cheaper than that. Yet, that's locked in.

Mr. WALSH. Yes.

Mr. RANGEL. In Medicaid; we've had doctors out there who should be in jail—they've got storefronts all over the cities around the Nation, pumping out pills to junkie addicts with Medicaid cards. The cops aren't going to arrest them because the public wants the police to arrest people who that are robbing and stealing.

The AMA is not going to go after them. But those are taxpayers' dollars that are being ripped off; and yet, it doesn't get on the agenda.

So I'm suggesting that we can do the thing that Bill Grinker wants. We can perhaps find the leadership that you say is needed by the Government. But first we need credible people—not just politicians and elected officials—to be able to take a look at the dollars that are being invested in our schools, in our jails, in our hospitals, in our treatment centers and to say, "There has to be a better way to do this."

Mr. WALSH. I agree. I think we can certainly do a program like the one that was just mentioned if in fact we do away with the programs that aren't being very helpful—and there's got to be a number of those out there.

When I talk about a Marshall Plan I'm really talking about a catalyst and a leadership role as opposed to more money. I don't think just pouring more money into a problem does it. It makes us feel good, but I think if we reassess what we're doing and how we're doing it——

Mr. RANGEL. If you were to take the contract, just based on your experience—we'll get Walsh, he's been doing this all of his life—and say, you talk with the United Federation of Teachers. Somewhere you would say, I know, "You can get as much money as we can give you if at the end of the year you can tell us how many graduates you're going to have.

Mr. WALSH. Sure.

Mr. RANGEL. If they want to negotiate that they need more help from people like Grinker, let's put it on the table. If they want to say don't send us any kids from homeless shelters, that's a legitimate item. If they say no junkies and no alcohol, that's a legitimate issue.

Mr. WALSH. Yes.

Mr. RANGEL. But someone should be able to say at the completion of the contract what they've produced. That's why we've got to meet again. That's why it's not going to be political or partisan; it's going to be people joining with people like Larry and me, and the committee, and perhaps the chairmen of standing committees, and education because we don't give enough to really change anything in elementary education, so we're almost out of it except in leadership.

I want to thank both of you. We'll have to work more on what you're talking about, Bill, and our staff is very anxious to work with you. We need your new and refreshing ideas because what the previous witnesses were doing they do well, and it's necessary. But, Joe, with your job as a personnel director, you've got to produce.

Mr. WALSH. Right.

Mr. RANGEL. You can't tell how many kids were watching TV or how many pictures or posters they saw. They wonder how many qualified people.

Mr. WALSH. Right.

Mr. RANGEL. I think we've got a great Chancellor, and he's got deputies who are willing to form the type of partnerships you are talking about. Maybe if you can get enough people like you who are similarly situated, we can even get the UFT to come in and agree to be partners with you. But there is a better way to do it as long as they're not cut out of it.

I said I thought this was going to be the most important hearing we had this year, and in my opinion it is.

I want to thank the staff for having persevered and penetrated your busy schedules to get you to commit to being here.

Larry.

Mr. COUGHLIN. Thank you very much again for being with us. I, too, want to thank the staff for putting this hearing together.

Mr. WALSH. Thanks for the opportunity.

Mr. GRINKER. Thank you.

[The Sentencing Project document appears on p. 140.]

Mr. RANGEL. The hearing is adjourned.

[Whereupon, at 1:30 p.m., the committee was adjourned.]

PREPARED STATEMENTS

OPENING STATEMENT OF

THE HONORABLE CHARLES B. RANGEL

CHAIRMAN

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

HEARING ON

THE IMPACT OF DRUGS ON AMERICAN BUSINESS AND THE AMERICAN ECONOMY

WEDNESDAY, OCTOBER 3, 1990

B-318 RAYBURN HOUSE OFFICE BUILDING

9:30 A.M.

GOOD MORNING.

TODAY, THE SELECT COMMITTEE WILL EXAMINE THE IMPACT OF DRUGS ON AMERICAN BUSINESS AND THE AMERICAN ECONOMY. WE ALSO WILL LOOK AT HOW BUSINESS AND GOVERNMENT CAN JOIN FORCES IN THE WAR ON DRUGS.

TO HELP US IN THIS INQUIRY WE ARE EXTREMELY FORTUNATE TO HAVE WITH US SOME OF OUR NATION'S TOP BUSINESS LEADERS. I WANT TO WELCOME ALL OF OUR WITNESSES HERE THIS MORNING AND EXPRESS OUR DEEP APPRECIATION TO EACH OF YOU FOR TAKING TIME OUT OF YOUR BUSY SCHEDULE TO DISCUSS THESE IMPORTANT ISSUES WITH US. WE LOOK FORWARD TO YOUR TESTIMONY.

WE CAN ALL BE ENCOURAGED BY SIGNS THAT CASUAL DRUG ABUSE IN OUR NATION APPEARS TO BE DECLINING. TO THE EXTENT THIS TREND IS THE RESULT OF FEDERAL ANTI-DRUG EFFORTS, I AM PROUD THAT CONGRESS TOOK THE FIRST STEPS BY PASSING THE ANTI-DRUG ABUSE ACTS OF 1986 AND 1988.

ALTHOUGH SOME SEGMENTS OUR POPULATION ARE TURNING AGAINST DRUGS, THE OVERWHELMING REALITY IS THAT SERIOUS DRUG ABUSE REMAINS PERVASIVE IN OUR COUNTRY. IT IS NO MERE COINCIDENCE THAT THE AREAS MOST AFFECTED BY THE RAVAGES OF HARD-CORE DRUG ABUSE, DRUG TRAFFICKING AND DRUG-RELATED VIOLENCE, WHETHER URBAN OR RURAL, ARE OFTEN MINORITY COMMUNITIES BESET BY

SEVERE SOCIAL AND ECONOMIC ILLS SUCH AS POVERTY, JOBLESSNESS, HOMELESSNESS, POOR SCHOOLS, BROKEN FAMILIES, HIGHER RATES OF TEEN PREGNANCY AND SCHOOL DROP OUTS, AND INADEQUATE ACCESS TO HEALTH CARE, DAY CARE, RECREATIONAL FACILITIES AND OTHER BASIC SERVICES -- IN SHORT, LACK OF OPPORTUNITY. 2

THESE CONDITIONS ARE OFTEN AT THE ROOT OF SEVERE DRUG PROBLEMS. THEY CREATE SUCH A SENSE OF HOPELESSNESS AND DESPAIR THAT DRUGS ARE OFTEN SEEN AS A LAST RESORT TO EASE THE PAIN OF EVERYDAY LIFE AND THE ILLICIT DRUG MARKET THE ONLY ECONOMIC ALTERNATIVE TO GET RESPECT ON THE STREET.

NO ONE DOUBTS THAT THE COSTS OF DRUGS TO OUR SOCIETY EACH YEAR ARE ENORMOUS IN TERMS OF CRIME, LOST PRODUCTIVITY, ACCIDENTS, INCREASED WORKER COMPENSATION PAYMENTS AND NUMEROUS OTHER LOSSES. MOREOVER, TOO MUCH OF WHAT WE SPEND TO COMBAT DRUG PROBLEMS ARE INVESTMENTS IN FAILURE.

WE ARE SPENDING BILLIONS OF DOLLARS ON PRISONS AND JAILS, LAW ENFORCEMENT, INEFFECTIVE TREATMENT PROGRAMS AND COSTLY HOSPITAL EMERGENCY ROOM CARE TO PATCH UP THE VICTIMS OF ESCALATING DRUG VIOLENCE. WE ARE NOW JUST BEGINNING TO PAY THE PRICE OF OUR NEWEST VICTIMS OF DRUG ABUSE -- A GENERATION OF CRACK AND AIDS BABIES.

THESE COSTLY MEASURES ONLY ADDRESS THE OUTWARD MANIFESTATIONS OF THE DRUG PROBLEM, NOT ITS UNDERLYING CAUSES, AND OFFER NO HOPE OF LONG-TERM PROGRESS.

OUR COMMITTEE HAS TALKED ABOUT THE DRUG PROBLEM WITH LEADERS FROM ALL OVER OUR NATION AND THE WORLD. WE HAVE MET WITH PRESIDENTS, POPES, CABINET SECRETARIES, POLITICIANS AT EVERY LEVEL OF GOVERNMENT, EDUCATORS, CLERGY, DOCTORS, JUDGES, LAW ENFORCEMENT OFFICIALS AND MANY OTHERS.

THE ONE GROUP WE HAVE NOT HEARD FROM IS BUSINESS LEADERS. YET, IT JUST SEEMS TO ME THAT NO SEGMENT OF OUR SOCIETY HAS A GREATER STAKE IN THE DRUG CRISIS THAN AMERICAN BUSINESS. I WOULD THINK YOU WOULD HAVE A MESSAGE FOR US ABOUT THE IMPACT OF DRUGS THAT WOULD MAKE THE NATION SIT UP AND LISTEN.

THE MARKETPLACE OF TODAY IS NO LONGER LIMITED BY LOCAL, REGIONAL OR EVEN NATIONAL BOUNDARIES. IT IS TRULY INTERNATIONAL.

THE OPPORTUNITIES AND CHALLENGES FOR AMERICAN BUSINESS ARE GREAT.

BUT HOW CAN WE HOPE TO COMPETE IN THIS GLOBAL ECONOMIC ARENA IF WE DO NOT HAVE A WORKFORCE THAT CAN

FILL THE DEMANDING JOBS OF OUR RAPIDLY CHANGING ECONOMY?

DEMOGRAPHIC TRENDS IN AMERICA POINT TO A DEEPENING DILEMMA FOR AMERICAN BUSINESS. BETWEEN NOW AND THE YEAR 2,000, AN ESTIMATED 16 MILLION JOBS WILL BE CREATED BUT THERE WILL ONLY BE 14 MILLION YOUNG PEOPLE TO FILL THEM. OVER HALF OF THESE JOBS WILL DEMAND MORE THAN A HIGH SCHOOL EDUCATION AND AT LEAST ONE-THIRD WILL REQUIRE A COLLEGE EDUCATION.

CLEARLY WE CANNOT AFFORD TO LOSE A GENERATION OF OUR YOUNG PEOPLE TO DRUGS. MOREOVER, WHILE THE LABOR POOL IS SHRINKING, THE NUMBER OF BLACK, HISPANIC AND OTHER MINORITY YOUTH ENTERING THE LABOR MARKET IS INCREASING, AND WILL ACCOUNT FOR 33 PERCENT OF THE WORKFORCE BY THE YEAR 2,000. THESE KIDS ARE AMONG THOSE AT HIGHEST RISK FOR GETTING INVOLVED WITH DRUGS AND DROPPING OUT OF SCHOOL.

IT IS UNMISTAKABLY CLEAR TO ME THAT THE DRUG EPIDEMIC THREATENS NOT ONLY THE PROFITABILITY AND SURVIAL OF INDIVIDUAL COMPANIES BUT THE FUTURE ECONOMIC PROPOSPERITY OF OUR NATION AS WELL.

WE NEED THE PRIVATE SECTOR TO ADDRESS DRUG ABUSE IN THE WORKPLACE AND WE NEED THE PRIVATE SECTOR'S SUPPORT FOR BROAD-BASED PUBLIC PREVENTION CAMPAIGNS. I KNOW WE

WILL HEAR ABOUT SOME OF THESE EFFORTS IN OUR TESTIMONY TODAY.

BUT NEITHER GOVERNMENT NOR BUSINESS CAN CONTINUE TO IGNORE THE SOCIAL AND ECONOMIC CONDITIONS THAT OFTEN ARE AT THE ROOT OF DRUG ABUSE AND DRUG CRIME. THE COSTS OF DOING SO ARE SIMPLY UNAFFORDABLE.

WE CANNOT CONTINUE TO INVEST IN FAILURE. WE NEED TO INVEST IN OUR FUTURE, IN OUR HUMAN RESOURCES THAT ARE THE KEY TO OUR CONTINUED ECONOMIC VITALITY. WE NEED TO MOBILIZE GOVERNMENT AND THE PRIVATE SECTOR TO PROVIDE GOOD SCHOOLS, DECENT, AFFORDABLE HOUSING, AND JOBS -- TO CREATE OPPORTUNITIES FOR OUR YOUTH AND TO GIVE THEM REASONS TO HAVE HOPE FOR THE FUTURE.

AFTER MORE THAN 25 YEARS OF FIGHTING DRUGS, I STILL HAVE MORE QUESTIONS THAN ANSWERS TO THE PROBLEM. SO I CERTAINLY DON'T EXPECT OUR WITNESSES TODAY TO HAVE ALL THE SOLUTIONS. BUT I DO HOPE YOUR TESTIMONY WILL HELP THE NATION BEGIN TO SEE THE ENORMOUS IMPACT OF DRUGS ON OUR ECONOMY. AND TOGETHER, I HOPE WE CAN BEGIN TO TALK ABOUT HOW GOVERNMENT AND PRIVATE INDUSTRY CAN BECOME PARTNERS IN ADDRESSING THESE URGENT NEEDS.

STATEMENT OF

ROBERT C. WRIGHT

PRESIDENT AND CHIEF EXECUTIVE OFFICER

NATIONAL BROADCASTING COMPANY, INC.

BEFORE THE

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

OF THE

UNITED STATES HOUSE OF REPRESENTATIVES

OCTOBER 3, 1990

My name is Robert C. Wright and I am the President of the National Broadcasting Company. I appreciate the invitation of your committee to testify today as a representative of American business, as a broadcaster whose company has long been involved in informing the American public about the serious problem of drug abuse, and as the head of a company based in New York City concerned about the future of New York and our other major cities.

We were reminded last week by a series of brilliant television programs that the American Civil War ended 125 years ago. Today we are trying to fight another kind of Civil War in this nation, the war against drugs, and it is no less sweeping.

Drug abuse is devastating our cities and laying waste to thousands of our young people. After years of effort, the problem is not close to being solved, and I do not think it will be solved by any one means, for instance, through any government program, however massive.

What is needed, I believe, is across-the-board involvement by all sectors -- by government, business, media, schools, churches, community organizations, all of these groups working together. As a member of the President's Drug Advisory Council, this is an approach we have been stressing.

I agree with Chairman Rangel that the effect of narcotics abuse is most severe on inner-city minority youth, and on their education and employment. This is of particular concern to NBC, which is based in New York City, employs almost 7,700 people on a full and part-time basis in New York City, and spends almost $600 million there each year. All of NBC's seven owned television stations are in major urban markets, as are many of our affiliated television stations.

As a country, we simply must find ways to address and stop the tragic waste caused by drug abuse. I want to pay tribute to your efforts, Mr. Chairman, in focusing attention on this issue, and to your leadership in seeking to identify new effective steps that the U.S. could take in this arena. Very simply, this does demand priority attention. Lives are being lost and human potential is being drained. That has to be a pressing concern of the American business community, because the children we lose today are tomorrow's workers and professionals.

The 1990s business environment is tremendously competitive. We've lost ground to foreign companies, and global competition keeps getting stronger. In the years ahead our companies will require healthy, motivated, better-educated and better-skilled employees. Drug abuse shatters our ability to meet that requirement. And business will have to attack the problem by working more closely with the cities and communities from which it draws its workers.

As one company, NBC has sought to contribute in its arena of special competence. We and other broadcasters nationally and locally can play an important role in informing the public about the problem of drug abuse, its scope, its dangers, the places and the programs people can turn to for help.

We devote a considerable amount of air time to these subjects on the NBC Television Network, and the effort is repeated and supplemented in local communities around the country on our 208 NBC-affiliated stations.

When we took a count earlier this year, we found that over a 12-month period drug abuse had received attention in more than 700 NBC News, Sports and Entertainment programs. On our news programs alone, from early 1985 through last week, there were more than 4,300 individual segments on the problem of drug abuse.

We work closely with the producers who supply our entertainment series, and urge them to include anti-drug abuse themes in their shows whenever possible. Cosby, Cheers and many of our other popular NBC sitcoms and dramatic shows have carried positive messages. Last year's Emmy Award-winning NBC mini-series, DRUG WARS: THE CAMARENA STORY, was a telling look at narcotics trafficking.

With every show on drug abuse or on other critical issues, when we feel the content merits the attention of young people, we send posters and study guides to thousands of schools so that teachers can organize further study.

We give a portion of NBC's air time free of charge to national and local groups and agencies for their public service announcements, and increasingly these messages involve drug abuse and control. Several organizations, among them the National Institute on Drug Abuse, the Kiwanis, and the March of Dimes have been supplying these messages.

This year, I decided to focus NBC's efforts to deal with the drug abuse problem through public service messages by devoting 25% of our regularly committed prime-time and children's Saturday morning public service time to one organization, whose goal is the reshaping of social attitudes about illegal drugs. That organization is the Media-Advertising Partnership for a Drug-Free America, of which Mr. Burke is the President.

The partnership, which cooperates with the Ad Council in placing its messages, is a coalition of hundreds of creative talents in the advertising and communications industries. It represents the largest private sector, volunteer effort undertaken since WWII.

It certainly helps to have professional groups like this stepping up to the job, along with media that are responding and providing well over half a billion dollars in free print and broadcast time every year to Drug-Free America advertising.

NBC Executive Vice President John Agoglia led a TV Academy effort last spring that resulted in a television first, the simulcast over the TV networks and some 750 stations of "Cartoon All-Stars to The Rescue," a half-hour animated show that utilized virtually every favorite cartoon character to spell out to children the dangers of drugs. More than 20 million children watched that special, and it was a marvelous volunteer effort on the part of the television industry.

NBC's own company-wide public service commitment is focused on combatting substance abuse. For the last two years NBC has been engaged in a comprehensive community outreach campaign called "The More You Know," which focuses on the American educational system. A key theme has been the more we all know about drug abuse and its devastating effects on our students, schools and society, the more we can do to solve the problem. Our campaign is based on the belief that Americans have a woefully inadequate understanding of drug abuse and the problems it causes.

NBC has produced 60 public service messages in conjunction with "The More You Know," featuring top NBC entertainment

personalities. We've created special programming and study guides, and worked closely with the PTA and national educational groups. And we've enlisted the participation of our affiliated stations, who contribute their own program time and sponsor local community action events.

With these scores of programming and public service impressions every week, I don't think anyone who watches television can avoid becoming aware of the drug problem, and of some of ways to attack it. But television can only do so much. It can help light up the problem. It can point to solutions. But it is not a solution in itself.

We know from experience and research at NBC that on-air campaigns should not be broadcast in a vacuum. They work best when they are tied in with the campaigns of others fighting in the same cause: local citizens, voluntary groups, government agencies. NBC stations, and the NBC Television Network, try to join these public-service coalitions whenever they can and contribute their own thinking and support. Let me give you a few examples.

Here in Washington you might have noticed the signs posted around town for Drug-Free Zones. They're part of a $5 million community service campaign sponsored by NBC's Washington

station, WRC-TV4, and Blue Cross and Blue Shield of the National Capital Area. The YMCA is also utilizing the program, which involves work with district schools and student groups to prevent drug sales and use in or near a school.

At WNBC-TV, our station in New York, we've been supporting Governor Cuomo's Youth Drug Prevention campaign since 1986, tieing in with the Division of Substance Abuse Services and the State Education Department. The campaign is designed to give young New Yorkers hope and more education on the dangers of abuse and the importance of setting goals. The campaign emphasizes positive role models and encourages students to participate in instructive, creative activities, such as statewide video contests.

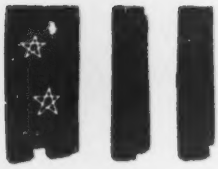
At WTVJ-TV, NBC's station in Miami, a "Teen Models Say No to Drugs" campaign has been designed to promote self image and accomplishment among inner-city kids. It's sponsored by the station, a professional modeling agency, and "Informed Families," a community group active in promoting a drug-free environment. The models speak at schools and develop fashion shows to raise money for a wide dissemination of anti-drug literature.

I should mention that WTVJ supports a number of volunteer projects in Miami, and the station got all of NBC's senior

management people involved earlier this year in the renovation and refurbishing of an old inner-city community center that serves as a playground for local children. It was a "sweat-equity" project we took time out for during our annual management meeting, and it was a tremendously rewarding experience. Perhaps that renewed community center can play a role in helping neighborhood youth to avoid the ravages of drug abuse. Many of GE's businesses have taken on such projects in communities they work in, and I think it's the kind of activity more corporations should get involved with.

The drug abuse problem is everyone's fight. It can be fought in many ways, and I hope I've been helpful in indicating some of the things NBC has been doing. I'd like to conclude by showing you a few minutes of our on-air activity.

[Tape play]



PARTNERSHIP FOR A DRUG-FREE AMERICA

UNITED STATES HOUSE OF REPRESENTATIVES
SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL
CHARLES B. RANGEL
CHAIRMAN

TESTIMONY STATEMENT BY
JAMES E. BURKE
CHAIRMAN, PARTNERSHIP FOR A DRUG-FREE AMERICA

OCTOBER 3, 1990
WASHINGTON, D.C.

666 THIRD AVENUE • NEW YORK, NY 10017 • (212) 922-1560 • FAX: (212) 922-1570

Good morning Mr. Chairman, members of the House Select Committee on Narcotics Abuse and Control, ladies and gentlemen. My name is James Burke, and I am here to testify today as Chairman of the Partnership for a Drug-Free America.

I want to begin by commending this committee for reaching out to both include and challenge the business community as part of your oversight of the drug issue. I believe illegal drugs, along with education, are the most important social factors affecting business today and for the near future. Our ability to deal successfully with these two issues will significantly impact our future competitiveness worldwide.

American business has played, and will continue to play, two key roles in assisting federal and local efforts toward a drug-free America. The first is to work aggressively toward providing a drug-free workplace for all employees and treatment for those who need help. But it is difficult for business to achieve a drug-free workplace within a drug-abusing culture. So, the second and broader role for business is to use its expertise, resources, and leadership in helping to find solutions to illegal drug use in society at large.

It is to this second role that I will address my comments this morning.

36-420 0 - 91 - 3

The Partnership for a Drug-Free America is one example of a privately funded business initiative in response to the illegal drug crisis. This organization is an unprecedented, non-profit coalition of thousands of communications professionals. Our combined expertise includes America's top advertising agencies, national and local broadcast and print media, marketing research, public relations, talent and trade unions, national advertisers, drug and drug research experts, and many individual professionals in communities across the nation.

The Partnership is based on the understanding that we must help to build anti-drug attitudes in order to change usage behavior. Our objective is to reduce demand for drugs by using media communication to encourage public intolerance of illegal drug use. Simply put, our aim is to "unsell" illegal drugs, to reverse the process of "normalization" that began in the 1960's which resulted in drug use being considered benign, acceptable, attractive, and even chic. Reversal of the attitudes of tolerance toward illegal drugs is the key to reducing demand, and catalyzing Americans toward community action. We cannot effectively legislate changes in these attitudes -- they must be reshaped over time.

Our primary focus in the denormalization process is to reduce the number of people trying illegal drugs for the first time, and to reduce occasional, non-addicted usage. In order to affect those

millions of decisions being made every day in every city and town in this country, we must also communicate with primary influencers -- to encourage siblings, teens, parents, employers, and healthcare professionals to actively promote non-use among those they can influence. Extensive quantitative and qualitative research is undertaken to help guide and evaluate the development of messages to specific demographic and ethnic groups, including preteens, teens, adults, parents, African-Americans and Hispanics.

Since the Partnership was formed in 1986, over 100 advertising and public relations companies have contributed their time and talent on a pro bono basis. Print and broadcast production experts and performer talent guilds donate their time and talent to bring the Partnership messages to life . The top creative minds along with drug research and treatment experts donate their time and expertise to review all the messages along the development process. All this has resulted in over 250 anti-drug messages being created and produced for all media by the volunteer efforts of the Partnership.

The first Partnership message ran in late March of 1987. Since then the media across America have given Partnership messages increasing and unprecedented support, making this effort the largest public service media campaign in history. Magazines, newspapers, network, cable and local television, radio stations, billboards, video cassette distributors have all contributed an estimated $475 million

in time and space from 1987 through the first quarter of this year. Based on our research, which shows improving anti-drug attitudes in areas of the country where message levels are the highest, we have set our goal at $1 million a day in media exposure. This media level will result in more than 90% of American households receiving an anti-drug message every day. We are currently at a daily rate of $925,000 -- twice the level of last year, and rapidly approaching our goal.

Financial contributions from almost two hundred private corporations and foundations provide the operational budget for the Partnership. These operational funds support a small staff to develop and coordinate a very large volunteer communications coalition. The value of the coalition's donated media and other professional services is more than 100 times the operations budget. That private sector leverage also means that no taxpayer monies have been necessary for this component of the overall strategy.

I would like to take a few moments now to show you some examples of our more recent print and television messages.

PRINT

* Cocaine Gun
* Yo Slave
* Addiction is Slavery
* How Many Addicts Have You Delivered? (Healthcare)
* No Olvide (Hispanic with NIDA phone number)
* Crack Baby
* Diploma (High School and College Students)
* Can You Find the Pusher (Parents, with Department of Education Guide)
* Sidewalks (Rural)
* Gives You a Place to Turn (Parents, with Guide)

TELEVISION

* Housewife :30
* Perceptions :30
* Warnings :30 (with Guide)
* Rolling :30 (with Hispanic NIDA phone number)
* Grave Words :30 (with local Rochester tag)
* New Slavery :30

A major element in the Partnership's program has been the Attitudinal Tracking Research Survey. We have conducted this research among 7,000 - 8,000 respondents annually since 1987, to help guide the development of our messages and to evaluate the trends in attitudinal factors affecting drug use. This data provides comprehensive information on all major segments of the population -- preteens through adults.

We believe that a careful look at the data provides convincing evidence that Americans are, in fact, turning off drugs. I believe the watershed event in this process was Len Bias' tragic death in 1986. Since then the news media has been unrelenting in their coverage of the drug problem. The media in all its manifestations (TV specials, features, editorials, the entertainment industry, and the messages generated through the Partnership) has been one of the catalysts in the denormalization of drug use in America. There have been a number of other major catalysts in that process. I believe two of the most important are drug-free workplace programs and community action initiatives.

While the country still has an unconscionable drug problem, with probably well over 10 million regular users and several million of those in various stages of addiction, a very profound change is nevertheless occurring and its importance should not be minimized. A few highlights from the Partnership's 1990 research findings illustrate these changes.

CHART #1: "Attitudes are Changing"

One of the more important factors we research is how users of illegal drugs are perceived. The more negatively a user is perceived the less likely the respondent is to use drugs. As you can see from this chart, there has been a significant increase in the percent of people, both adults and teens, who see people on drugs as acting stupidly and foolishly.

CHART #2: "Perceived Risk of Using Cocaine"

Perhaps the most important attitude in predicting drug use behavior is the perceived risk of using the drug only once or twice. In this chart you can see a significant increase in perceived risk of cocaine use among adults, and very encouragingly among teenagers over the past year.

CHART #3: "Fewer Teenagers Using Drugs"

The increasing anti-drug attitudes are leading to dramatic decreases in drug use. As you can see from this chart, significantly fewer teenagers have used both marijuana and cocaine over the past year. This chart also makes the point that the declines in usage are very

similar for both blacks and whites. Our data supports the conclusion that attitude and usage changes are occurring across all segments of American society.

CHART #4: "Three-Study Comparison"

This final chart combines the findings from the Partnership's research, the National Institute on Drug Abuse Household Survey and the annual High School Seniors Survey. While one can argue about the methodology of any of these three studies, the important thing is that all three confirm the same downward trends in usage over the past four years. As attitudes change, usage goes down because fewer people try drugs, and more so-called casual users are quitting before they get into trouble. We must remind ourselves that while addiction can fairly be called a disease, and in some cases an almost intractable one, it doesn't start out that way. No one begins using drugs with the idea of being an addict. People start using drugs because they want to, and our illegal drug problem can't be solved until people want to stop using drugs.

We all have a natural preoccupation with terrifying drug-related crime and violence, crack babies, AIDS victims and other tragic consequences that have shown few signs of diminishing in most of the country. These are the results of a generation of drug abuse, and effectively dealing with these problems will require many years of increasing effort on the part of all of us.

But the fact that the American people clearly have begun to turn off drugs hasn't yet been made as visible as it needs to be. It is an empowering realization to understand that our efforts can have and are having an effect. People in communities all across America are beginning to realize that illegal drugs are not some evil force outside our control or something we "catch" like a cold or the flu. We can and must continue to actively reject illegal drugs.

Mr. Chairman, private businesses are actively participating in America's anti-drug movement. And we at the Partnership for a Drug-Free America are committed to help change the American drug culture. This is, in my opinion, the most important challenge we face as a nation -- private sector and public sector alike, young and old, white and black, urban and rural, rich and poor. We have all suffered from and been a part of this problem. Now we must all be part of the solution.

Thank you.

CHART #1

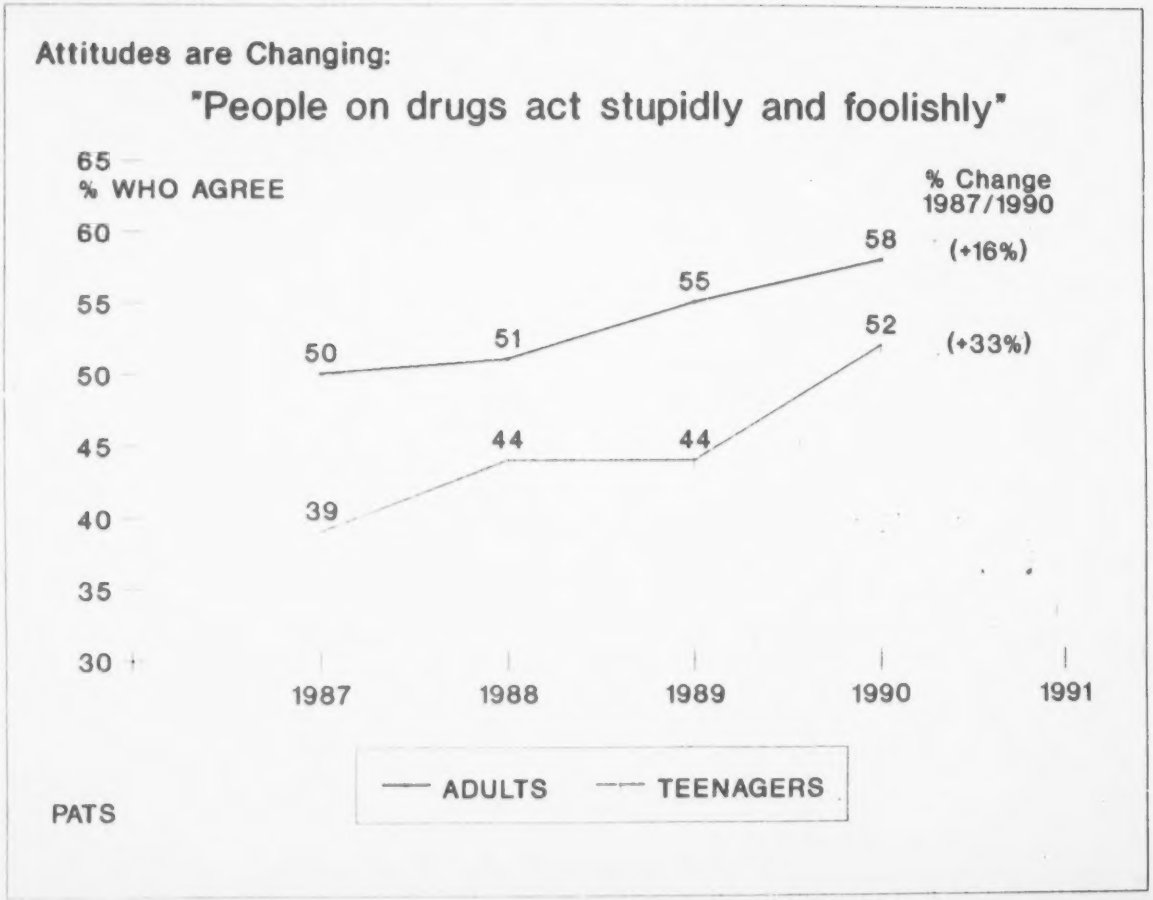

Attitudes are Changing:
"People on drugs act stupidly and foolishly"
65
% WHO AGREE
60
55
50
45
40
35
30
% Change
1987/1990
58
(+16%)
55
52
(+33%)
50
51
44
44
39
1987
1988
1989
1990
1991
ADULTS
TEENAGERS
PATS

CHART #2

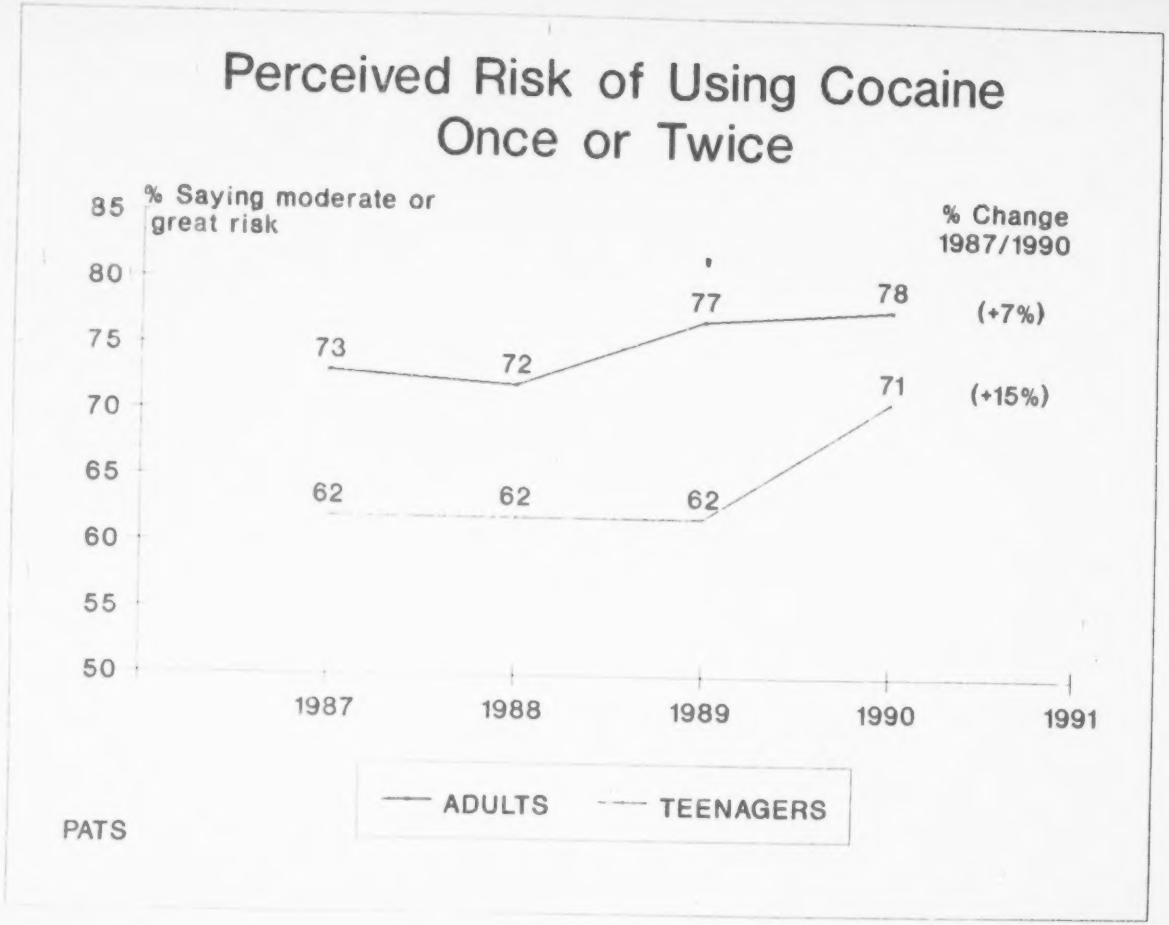

Perceived Risk of Using Cocaine Once or Twice
% Saying moderate or great risk
% Change 1987/1990
85
80
75
70
65
60
55
50
73
72
77
78
(+7%)
71
(+15%)
62
62
62
1987
1988
1989
1990
1991
ADULTS
TEENAGERS
PATS

CHART #3

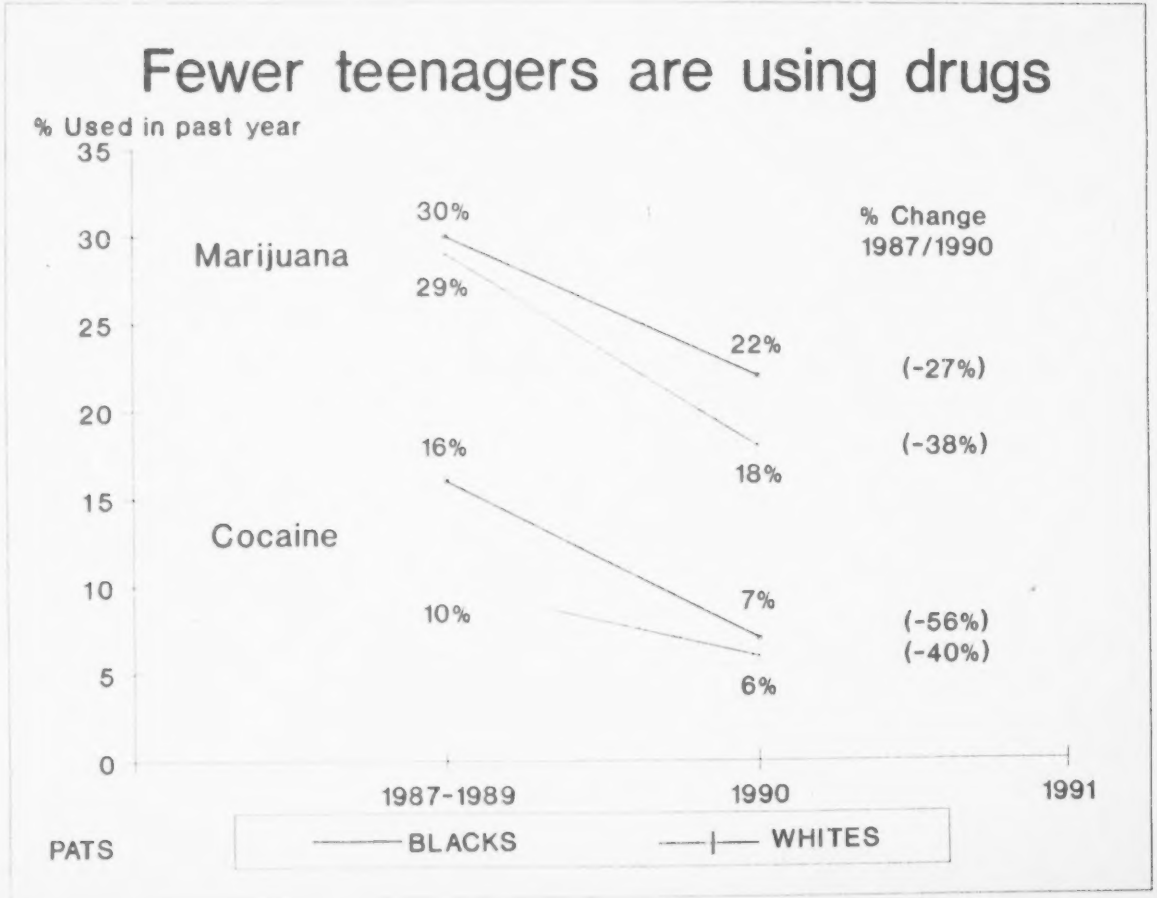

Fewer teenagers are using drugs
% Used in past year
35
30
25
20
15
10
5
0
Marijuana
30%
29%
22%
18%
% Change
1987/1990
(-27%)
(-38%)
Cocaine
16%
10%
7%
6%
(-56%)
(-40%)
1987-1989
1990
1991
PATS
BLACKS
WHITES

CHART #4

Attitudes are Changing:

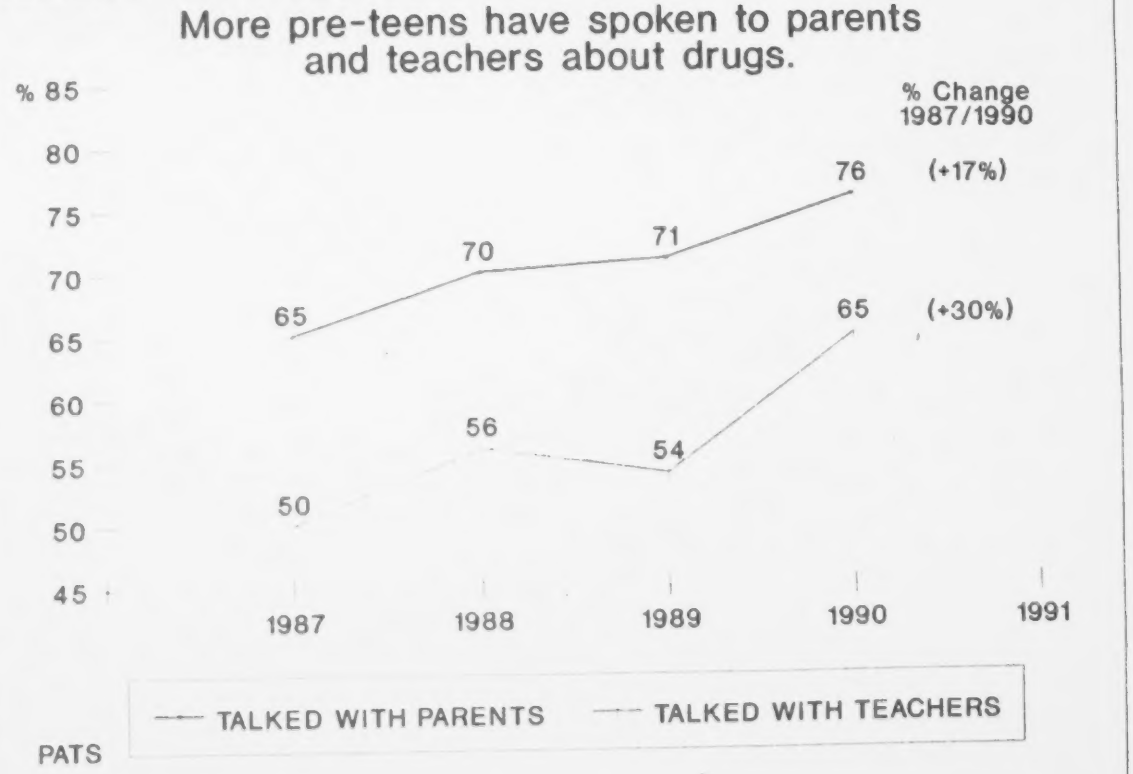
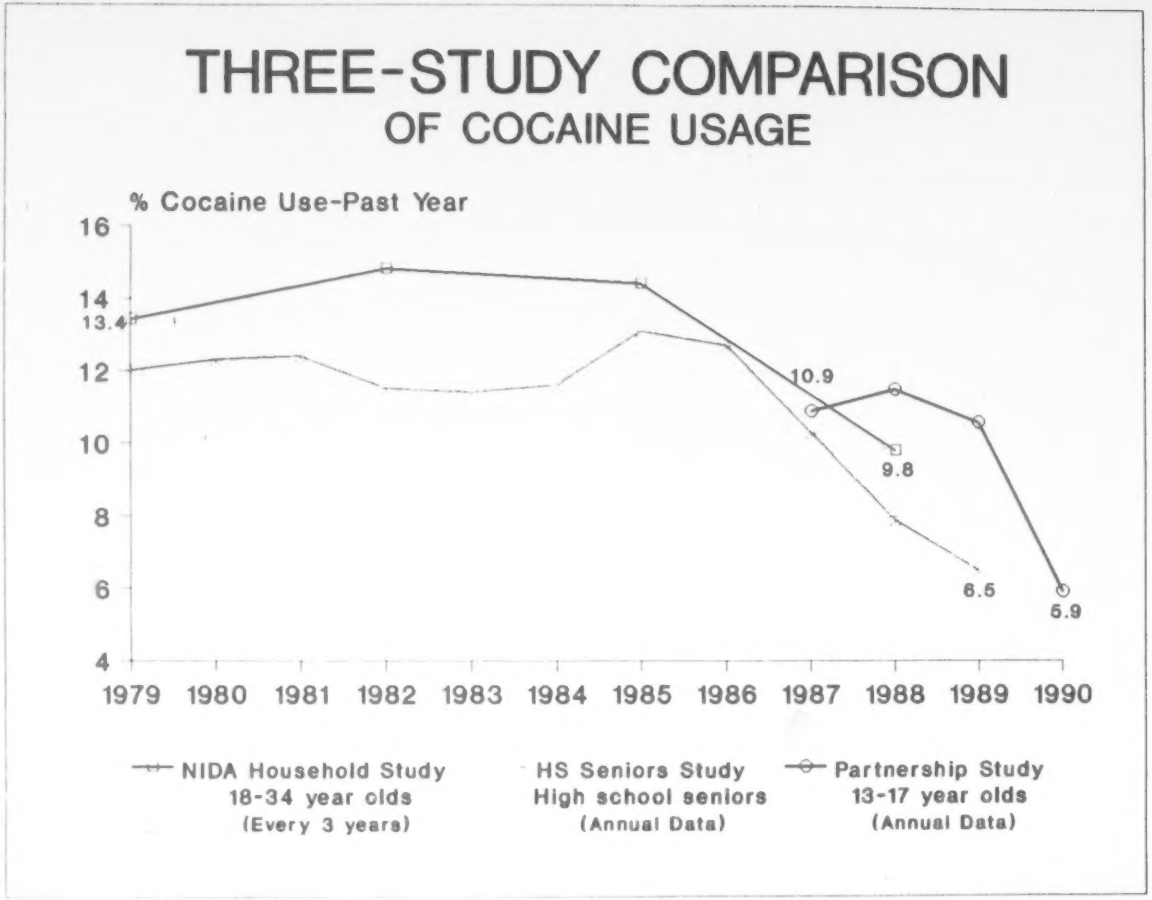


CHART #5


THREE-STUDY COMPARISON
OF COCAINE USAGE
% Cocaine Use-Past Year
16
14
13.4
12
10
8
6
4
10.9
9.8
6.5
5.9
1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990
NIDA Household Study
18-34 year olds
(Every 3 years)
HS Seniors Study
High school seniors
(Annual Data)
Partnership Study
13-17 year olds
(Annual Data)

STATEMENT OF

RONALD K. SHELP

PRESIDENT AND CHIEF EXECUTIVE OFFICER,

NEW YORK CITY PARTNERSHIP

AND THE NEW YORK CHAMBER OF COMMERCE AND INDUSTRY

BEFORE THE

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,

U.S. HOUSE OF REPRESENTATIVES

OCTOBER 3, 1990

WASHINGTON, D.C.

I am Ronald Shelp, President and Chief Executive Officer of the New York City Partnership and the New York Chamber of Commerce and Industry. Chairman Rangel, you and your colleagues here have been among the most active and articulate leaders in the country in exploring ways to deal with the growing problems of drug abuse in this country. Thank you for the opportunity to appear before your committee today.

The Partnership was founded in 1979 as an organization of private sector leaders to address issues of youth employment, housing, education, and economic development. We have also devoted time, energy and resources to other issues, including public safety and leadership development. The Chamber, the country's oldest business organization, works in a variety of ways to improve New York's economic climate and to increase jobs.

I believe there are two basic reasons why the experience of the Partnership and to a certain extent the Chamber, are relevant in these

areas. First, our programs in education, youth employment, housing, and economic development are serious and effective efforts to join private and public resources and commitment to help bring about positive and systemic changes in society - changes relevant to some, though certainly not all, of the reasons people turn to drugs. We believe that a sound education system and effective youth employment programs are appropriate parts of a broader effort to combat drug abuse. Drugs do intrude into the workplace, and do extend to the affluent. But we all know that those who leave school without skills or hope, and without any job prospects, are at special risk.

I would like to sketch quickly the broad outlines and a few accomplishments in each of our program areas.

Education:

Like all our initiatives, the Partnership's education efforts generate both programmatic and policy involvement by our board members, their companies, and our management. On the policy side of education, the Partnership has joined with the Chancellor and others in winning legislation abolishing the New York City Board of Examiners and principal tenure to individual buildings, steps that we believe will improve teacher recruitment and enhance accountability. On the programmatic side, we have mounted several management assistance projects with the New York City schools including in the areas of personnel, security, and school food service. Currently we are working with Chancellor Joseph Fernandez, the schools, and other groups on school-based management, a program designed to enable each school to respond to the specific needs of its students -- through a governing team composed of teachers, administrators, parents and

members of the community that will make decisions on budgets, curriculum, and other issues important to their school.

Youth Employment:

Youth employment was one of the first issues in which the Partnership became involved. Working closely with state and city agencies, Summer Jobs '90, sponsored by the Partnership, produced more than 52,000 private sector jobs for young people who collectively earned $43 million this summer. The figures for 1990 bring the ten-year total of jobs provided to economically disadvantaged youths through the Summer Jobs program to more than 330,000.

A more recent youth employment initiative is New York Working, a pilot program sponsored by the Partnership and the New York State School and Business Alliance at sixteen New York City high schools. New York Working provided job preparation and job counseling to more than 12,000 students and generated nearly 7,000 jobs during the 1989-90 school year.

Affordable Housing:

Affordable housing has been another success of the Partnership. Again, working with the federal, state, and city governments, the Partnership has completed or has underway 5,000 units of new housing affordable to New York City's working families. In addition to the housing we have built ourselves are the new or renovated units produced by others in neighborhoods newly stabilized by the presence of the New York City Housing Partnership.

Economic Development:

Finally, the Partnership has been active in advocating policies and programs that spur economic development throughout our city. Of course we hope that the business community benefits from such programs, but we also know that the city and its residents gain from job creation and job retention. None of the other programs we have cited are viable in the long run if our city does not have a successful economic base.

Although the Partnership heretofore has not had any programs designed specifically to deal with drug abuse, we have concluded that we must look again at the issue.

Business Survey:

To help chart our own course, we developed a survey of 250 New York area corporate leaders to determine their views on the extent of the drug problem particularly in their companies and to learn their responses to it.

What have we found? All the responses are not in, but several conclusions can be drawn:

Employers see the role of the largest 500 companies as private sector leaders in virtually all areas of drug abuse: education, detection, treatment and counselling, and community involvement. Smaller companies are expected to lead primarily in education and prevention. More than 70% of preliminary respondents have EAPs (employee assistance programs) and at least 15% more are considering starting

them this year. Many companies have started to take steps in their own ranks and already provide family drug abuse counselling, training for supervisors, telephone hotlines, referral programs, case management and managed health care programs to help deal with drug abuse problems for their employees.

More than three-quarters of these companies have formal policies on dealing with drug abuse by their employees and provide for voluntary drug abuse treatment. In most instances, voluntary disclosure by an employee leads to treatment and rehabilitation. A majority of respondents believes that additional worksite drug abuse prevention and treatment programs will have to be implemented or broadened in the next few years.

<u>High Priority Workplace Issue:</u>

Employers see drug abuse issues -- particularly in the community -- as a major concern of and source of problems for their employees, and therefore a high priority workplace issue. Major New York area firms are providing a wide and growing range of benefits to their employees.

This is true even though the direct operational cost to the companies, which in this survey mainly reflect service industries, is generally perceived to be relatively small, except for the large increases to overall health care insurance and benefit costs. The indirect costs in employee turnover and absenteeism, theft and vandalism are difficult to assess but are felt to be very significant.

More than 75% of preliminary respondents feel that employee concerns about privacy should be a major consideration in identifying and

addressing employee drug abuse problems. More than half the respondents require pre-employment drug screening, but few do post-employment testing. Most employers do feel that providing treatment and rehabilitation for employees who abuse drugs should be a higher priority than terminating employment of known users.

Coalition to Final Solutions:

How critical do corporations think the issues are? The prevailing view is that the drug problem is steadily becoming more severe. Firms feel that a variety of innovative approaches by coalitions of various constituencies are required to deal with this problem, including business-community and business-labor partnerships. Employers expect that their companies' support and sponsorship of both community and worksite based drug abuse education and prevention programs will increase over the next several years. Major New York firms are eager to work with government and would like to see government, at all levels, initiate practical legislative approaches to this major problem facing our society.

Drugs, of course, in addition to being a problem in themselves, are also part of the wider issue of crime, particularly violent crime, in our society. The Board of Directors of the Partnership and Chamber recently met in a special session to urge the city to increase the police presence on our streets and subways. We also urged a number of other changes in the criminal justice system, and the passage of strict gun control laws, including the Brady bill, now before the Congress. Although none of these measures will by themselves solve the problem, we believe they represent important steps.

In conclusion, I would like to say that the issue of drugs and the issue of crime are reminders that all of us need to begin thinking again about an urban agenda. Mayor David Dinkins has called a summit of more than seventy-five mayors in November. The Partnership and Chamber hope that this will be the beginning of an urgent dialogue on the needs of the cities.

Statement of the U.S. Chamber of Commerce

ON: THE IMPACT OF THE DRUG PROBLEM ON AMERICAN BUSINESS

TO: HOUSE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

BY: DR. RICHARD L. LESHER

DATE: OCTOBER 3, 1990

The Chamber's mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest federation of business companies and associations and is the principal spokesman for the American business community. It represents nearly 180,000 businesses and organizations, such as local/state chambers of commerce and trade/professional associations.

More than 92 percent of the Chamber's members are small business firms with fewer than 100 employees, 59 percent with fewer than 10 employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business--manufacturing, retailing, services, construction, wholesaling, and finance--numbers more than 10,000 members. Yet no one group constitutes as much as 32 percent of the total membership. Further, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the 59 American Chambers of Commerce Abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross section of its members serving on committees, subcommittees and task forces. Currently, some 1,800 business people participate in this process.

STATEMENT
on
THE IMPACT OF THE DRUG PROBLEM ON AMERICAN BUSINESS
before the
HOUSE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL
for the
U.S. CHAMBER OF COMMERCE
by
Dr. Richard L. Lesher
October 3, 1990

I. INTRODUCTION

I am Richard L. Lesher, President of the U.S. Chamber of Commerce. I appreciate this opportunity to appear before the Committee to share our knowledge and experience on the serious problems facing American businesses as a result of the widespread use and abuse of illegal drugs. The Chamber has been active in fighting the scourge of drugs and in educating business leaders as well as the American public about the horrendous human and economic costs of the drug problem.

Recognizing the importance of the drug abuse problem to business and society as a whole, the Chamber has committed its resources to the war on drugs. For example, the Chamber continues to publish many articles and editorials on the subject in Nation's Business, the Chamber's monthly magazine, with a circulation of 880,000. In addition, on several occasions we have addressed the subject on our national television network (BIZNET) and I frequently discuss drug-related issues in my syndicated newspaper column. The Chamber is an active member of and/or supports several organizations which deal with drug issues, and our issue experts frequently speak to business groups throughout the country on drug issues and the impact of drugs on business. The Chamber also makes available to its members several publications offering advice and guidance on how to deal with the drug problem in the workplace (e.g., Drug Abuse in the Workplace: An Employer's Guide for Prevention).

II. THE MAGNITUDE OF THE DRUG PROBLEM

The magnitude of the problem is enormous. On a regular basis -- at least four times a month -- 12 million Americans use marijuana, eight million Americans use cocaine and hundreds of thousands (some say 500,000) are addicted to heroin. Today, 5,000 Americans will try cocaine for the first time; thousands will be arrested for drug-related crimes; and hundreds, if not thousands, of cars, boats, and planes will smuggle illegal drugs into the country. As the Committee has observed, estimates are that 375,000 infants born annually have been exposed to illegal drugs prior to birth and suffer from their effects. Twenty-two million Americans have used cocaine at least occasionally, and 2.2 million (nearly one of every 100) Americans use cocaine at least weekly. Three-quarters of those calling the cocaine "hotline" said they sometimes used cocaine on the job and one-quarter said they used cocaine on the job daily. One in four users of illegal drugs sells drugs to co-workers, friends, and neighbors to support his drug habit. Ten million Americans use prescription drugs (especially barbiturates and amphetamines) without an appropriate medical prescription. As many as 23% of all U.S. workers use dangerous drugs on the job. According to a 1989 survey by the Department of Labor, 8.8% of employees tested positive for drugs, while 11.9% of applicants failed a drug test. Sixty-five percent of those entering the full-time work force for the first time have engaged in illegal drug use in the past. Only last year the National Institute on Drug Abuse (NIDA) conducted a survey that showed one of four full-time employed males uses marijuana at least once a month and one of twenty males employed full-time uses cocaine. A survey of drug users seeking help with their drug habits revealed that:

- 75% said they had used drugs on the job;
- 64% admitted drugs had adversely affected their job performance;
- 44% said they had sold drugs to other employees; and
- 18% said they had stolen from co-workers to support their habits.

The relationship of drug abuse to urban blight, crime, the decline of our cities and their governments, and to a multibillion dollar underground economy is well-documented.

The list or negative repercussions from illegal drug use is virtually endless. The direct effects of widespread use and abuse of illegal drugs reaches into every corner of our society, affecting every economic, racial, religious, and geographical class in America.

Two well-known recent incidents serve as excellent examples of the insidious reach of the drug problem. While high on marijuana, a computer operator at the main computer reservations center of a major airline failed to load a crucial tape at a crucial time. The result was eight hours of "down" computer time, erased reservations, and a $19 million loss to the airline. Many people consider marijuana a "soft" drug, one not particularly harmful, and the use of which by employees should not be of concern. Some may not even consider computer programming to be the type of dangerous or security-conscious job for which a seemingly innocuous "high" could cause a problem. The airline with the $19 million loss would likely disagree on both points. As an airline spokesman said, "That was a awfully expensive joint by anybody's standards."

As a second example, widely reported in the press just last month, one brave business owner in the Northeast, unwilling to continue playing a part in the local drug economy, simply posted a sign on his shoe store window advising drug dealers that he no longer welcomes them in his store. This extraordinary step came after he witnessed a daily parade of youngsters park their expensive foreign-made luxury cars in front of his store, select several pairs of expensive athletic shoes from his displays, and purchase them with cash, not even bothering to inquire about the price. His business dropped substantially when the drug dealers heeded his sign.

Of course, thousands of mistakes and accidents, totally unrelated to drug use, occur everyday in the workplace. But the illegal use of drugs, unquestionably affecting employee performance, and greatly increasing mistakes and accidents, has a drastic

effect on business performance. In a highly competitive international economy, businesses simply cannot afford the costs of employee drug use.

According to an early study by the Research Triangle Institute (RTI), the annual cost to businesses for drug abuse by their own employees is $60 billion a year. This $60 billion price tag (low compared to some estimates) includes costs for: decreased productivity, increased absenteeism, accidents, medical claims, and employee theft.

Employees who use illegal drugs greatly compromise their performance and that of their employers. According to a study reported in 1987 by the National Institute on Drug Abuse, a typical "recreational" drug user, compared with average employee rates, is:

- 2.2 times more likely to request early dismissal or other time off during the workday;
- 2.5 times more likely to have extensive absences of eight days or more;
- 3 times more likely to be late for work;
- 3.6 times more likely to injure themselves or another person in a workplace accident;
- 5 times more likely to file a workers' compensation claim;
- 7 times more likely to have wage garnishments; and
- One third less productive.

The negative effects of drug abuse by employees are pervasive. Drug-abusing employees incur 300 percent higher medical costs and benefits. General Motors estimated the direct costs of employee drug abuse in its factories, as evidenced by defective workmanship, extra safety checks, work stoppages, and additional quality control, at $1 billion dollars a year, or up to $430 dollars per car it makes. Between 1983 and 1987, Georgia Power Co. discharged nearly 200 employees who failed for-cause drug tests. These terminations, according to a cost-benefit analyst, saved the company at least $300,000 and possibly up to $1.7 million. Although the terminations cost Georgia Power up to $8,000 per employee -- for drug tests, turnover and replacement costs,

recruiting and training expenses, lost productivity and legal challenges -- these costs were offset by about $15,000 per worker in savings realized from the drug users' excess medical claims, compensated lost work time, and workers' compensation payments. A related study based on some of the same drug users showed that they used at least eight times as many medical benefits as did similarly situated employees who did not test positive and their absenteeism rate was almost four times that of the non-users.[1]

Further, there are substantial additional costs, sometimes difficult to calculate precisely, such as low morale, decreased product or service quality, absenteeism, family problems, damaged company property, higher insurance rates, and stolen money or property from the company and/or co-workers. Half of the employers in this country now routinely require job applicants to take and pass a simple drug test prior to beginning their jobs. While the direct and indirect costs of drug testing vary from city to city, these costs also must be considered in assessing the financial impact of the drug problem on American business.

III. WHAT IS BUSINESS DOING TO FIGHT DRUGS?

In 1986, the Chamber adopted a comprehensive statement of policy concerning drugs. It appears in the Appendix.

Congress recognized the potential of American business to help in addressing the drug problem. In October 1988, Congress passed an omnibus drug bill that included a provision requiring drug-free workplaces for employees of government contractors. The Drug Free Workplace Act requires government contractors to:

1) Adopt a formal drug abuse policy and distribute a copy of that policy to all employees;

2) Establish and maintain a worker drug-free awareness program emphasizing drug education;

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[1] Source: Study presented to National Institute on Drug Abuse conference "Drugs in the Workplace," Sept. 1989.

3) Notify the contracting agency of convictions for worksite drug crimes;

4) Administer sanctions (up to and including discharge) or require successful rehabilitation; and

5) Make a good-faith effort to maintain a drug-free workplace.

One of the best ways that business can help fight the drug problem is to insist that employees and applicants are not under the influence of illegal drugs. Many employers, recognizing the price business pays for drug abuse and their responsibility and capability to help prevent drug abuse, have adopted comprehensive drug abuse prevention programs which usually include job applicant and/or employee testing. Contingency of employment -- where an employee knows that his job is contingent on his being "drug free" -- is a powerful incentive to get or stay off drugs. As I have said before:

> Our message is simple -- If you do drugs, you don't work. This is not a role business people seek or enjoy, but it is ours whether we like it or not. We have no alternative but to commit ourselves to this cause and to see it through.

Attaining this objective, is expensive and yet another impediment to business. But because it is effective in reducing the use of and demand for illegal drugs, it is ultimately a much more cost effective and efficient approach than allowing workplace drug use to continue. The need for such testing is supported by compelling evidence. For example, within two years of instituting drug testing, the Southern Pacific Railroad decreased accidents by 72% A recent survey by SmithKline Beecham, a provider of drug-testing equipment and procedures, revealed that of nearly one million employees and applicants tested in the first six months of 1990, approximately 13.8% indicated recent use of illegal drugs. This was down from 18.1% during a similar period in 1987. This survey corroborated a NIDA report that marijuana and cocaine use declined from 1986 to 1989.

In 1980 the U.S. military faced a drug problem of daunting proportions. That year a poll of young enlisted personnel revealed that 40 % of Army, 48% of Marine, and 48%

of Navy personnel admitted using illegal drugs in the month preceding the survey. A subsequent urinalysis survey showed 48% of tested sailors had recently used marijuana. The Navy implemented a comprehensive drug control program which included random testing of all personnel, including high-ranking officers. Today the Navy's 48% positive figure of 1981 is down to less than 5%. Significantly, in a recent survey of Navy personnel, 83% of the respondents said the Navy's random drug testing is the most effective deterrent to drug use, and 27% said they would resume illicit drug use if testing were discontinued.[2]

Drug testing in the workplace has become much more common. In 1983, three percent of the Fortune 500 companies engaged in drug testing of a least one class of employees or job applicants. By the end of 1987, more than 50 percent of the Fortune 500 did. Obviously, many employers are taking a hard line on drug abuse. Drug testing, combined with education and employee assistance programs, can be vital to a successful workplace anti-drug abuse program.

A recent Conference Board survey of 681 employers revealed the following broad range of benefits resulting from drug testing:

- 77% of those surveyed said the testing program improved the quality of job applicants;
- 63% said the work environment was safer;
- 58% said the testing program created a better community image for the business;
- 56% reported there were fewer drug problems in the workplace;
- 54% reported improved employee morale;
- 54% cited increased credibility and use of the company's Employee Assistance Program; and
- 43% noticed better job performance attributable to the testing program.

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[2] Source: Drug-Free Workplace Report, Vol. II, No. 2, Fall 1990. Institute for a Drug-Free Workplace.

Businesses test their employees and/or applicants for drugs because such testing:

- Maintains workplace efficiency;
- Contributes to safety in the workplace;
- Reduces medical and benefit costs;
- Deters drug use;
- Serves community interests;
- Reduces exposure to liability for accidents in the workplace, injuries to the public caused by employees, and negligent hiring suits; and
- Is required by federal regulations for certain companies engaged in government contracting or transportation.

While there has been considerable dispute among lawmakers and academicians about the accuracy and efficacy of employer drug testing, there can be no longer be any doubt concerning the way those subjected to workplace drug testing (i.e., employees) feel about the practice. In December 1989, the Institute For A Drug-Free Workplace sponsored a Gallup survey of over 1,000 employees. The results of that survey show that:

- Over 97% of employees find workplace drug testing to be appropriate at least under some circumstances;
- 86% believe drug testing would be effective in deterring drug abuse among employees, and only 3% believe testing would not be effective;
- 82% support company policies against drug use and discipline for violations of such a policy;
- 60% support an employer's right to test randomly any employee for drug usage; and
- 71% of union members believe companies should have the right to test applicants.

It is abundantly clear that drug testing is having the desired effects in companies that do such testing and is discouraging drug abuse throughout the economy.

Many businesses that conduct employee and/or applicant drug tests also provide

Employee Assistance Programs (EAP). Among other benefits, EAPs:

- Maintain and enhance employee morale;
- Encourage self-identifiers - Effective EAPs are likely to result in employees with drug abuse problems coming forward;
- Reclaim employees and investment in employees - In some situations, it can be cost-effective to retain and return to full capacity troubled employees, especially those in highly skilled positions; and
- Reduce legal vulnerability - EAPs demonstrate good faith by employers and provide a stronger legal standing against possible wrongful discharge or discrimination claims arising from enforcement of company drug policy.

However, EAPs are expensive and require careful introduction and monitoring. Far too many of those treated through an EAP resume their drug habits. Not all employers can afford such programs. Where an EAP is not effective or available, other steps to rid the workplace of drug dangers, such as discharge of abusers, may be necessary.

Despite overwhelming evidence that workplace drug testing is effective, commonplace, and supported by the vast majority of employees,[3] some states have laws restricting employers' ability to test applicants and employees.[4] For example, in Montana, only applicants for positions in hazardous work environments or in jobs for which the primary responsibility is security, public safety, or fiduciary responsibility may be tested Only if an employer has reason to believe an employee is impaired by drugs may that employee be tested. Vermont's law is similarly restrictive - it allows applicant testing only after a 10-day advance notice and a conditional offer of employment. Employees can be tested only if the employer has "probable cause" and a EAP is available. Employers in Vermont, Montana, and other states with absurd testing restrictions (e.g., Minnesota, Iowa, Maine) cannot fully contribute to America's anti-drug efforts. Worse, they are saddled with the

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[3] Even some unions echo the sentiments of the overwhelming majority of workers. Earlier this year Robert A. Georgine, President of the AFL-CIO Building and Construction Trades Dept. said, "No construction worker wants to work next to someone impaired by alcohol or drugs."

[4] President Bush has said that state laws limiting or restricting drug testing "can be counterproductive to the goal of a drug-free workplace."

enormous costs of undetectable drug use among their employees. These states are exacerbating the drug problem while they offer indirect assistance and shelter to drug dealers and kingpins (a/k/a aiding and abetting).[5]

Law enforcement and government officials alone cannot address the drug problem in this country. That is not to say government efforts to control drugs cannot be effective. A good example of successful government efforts in this regard can be found in Singapore. In that country, all persons in possession of targeted illegal drugs receive minimum prison sentences of 3 to 5 years in addition to corporal punishment ("strokes of the cane"). The death sentence is imposed for trafficking in more than 15 grams of heroin. Abuse and trafficking is also controlled by: 1) denying passports to users and traffickers, 2) drug detection dogs at borders, harbors, and post offices, 3) computers at border crossings to access and maintain instant "blacklisting" of offenders, and 4) urinalysis testing at border crossings and police stations. Those convicted of trafficking in 30 or more grams of cocaine are subject to mandatory death sentences.

The government of Singapore states, "The measures adopted in Singapore - tough laws, including detention without trial, compulsory treatment and rehabilitation, and passport denial - have brought much success in our struggle against the drug menace."

My intent here is, of course, not to endorse any specific approach to drug enforcement or to promote violations of due process, but simply to point out that tough laws, aggressively and meticulously enforced, can have a substantial impact.

Of course, other segments of society, including schools and businesses, must address the drug abuse problem as well. As I have indicated, business has begun successful efforts to end the widespread use and abuse of illegal drugs, but this effort is

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[5]Other states pursue innovative or aggressive approaches to creating disincentives for drug users. For example, under Maryland law, people convicted of drug offenses could be referred to the state licensing boards for suspension or revocation of their licenses. Maryland licenses subject to this law include doctors, accountants, plumbers, airline pilots, truck drivers, and cab drivers.

handcuffed in a few states which have chosen to impede the competitive abilities of business in those states.

IV. EDUCATION -- EXCELLENCE IS ESSENTIAL

The drug problem manifests itself outside the workplace, thus compounding the cost to business. The drug plague ravages our cities and schools. Easy customers for drug dealers abound in schools full of impressionable youngsters whose parents may themselves have substance abuse problems. Others students may believe their healthy bodies are impervious to the dangers of drug use. The folly of this thinking is exemplified by the drug-caused death of basketball superstar Len Bias. Moments before he took a fatal drag from a crack pipe, he reportedly said, "I'm tough, I can take it."

Obviously, our young people (as well as many adults) will be better able to resist the temptation of drugs if they receive high-quality education and training allowing them to look forward to productive and rewarding lives free from drug dependence. The educational reforms of the 1980s did little to improve the reading, writing, and computational skills of American schoolchildren. For employers, the deficient education system means an ill-prepared workforce, a decline in product quality, an inability to compete, and substantial costs in excess of $30 billion dollars a year -- in bringing employees up to minimum standards through workplace remedial education. It has long been abundantly clear to the Chamber that business had to address the education problem in addition to the drug problem.

In the spring of 1990, the Center for Workforce Preparation and Quality Education, an affiliate of the Chamber, was established to mobilize a national grassroots education reform campaign. The Center is an employer-based, action-driven organization focusing on education restructuring and workforce preparation. It will mobilize local community action through state and local chambers of commerce, provide national outreach to

support this local mobilization, and elevate the visibility and voice of business in the education arena.

The Center is engaged in many ongoing projects and activities, including:

- Developing a national campaign to link business, education and community leaders together, inform them of ways to achieve local reform, and stimulate their action;
- Identifying the most successful and results-driven education partnership activities and show Chamber executives and business leaders how to get these initiatives underway;
- Developing issue papers on promising reform and restructuring initiatives such as core competencies, accountability, alternative teacher certification, and any national goals from the viewpoint of what employers need students to learn;
- Developing a program to apprise students of the economic benefits of staying in school and obtaining a quality education, and motivating them toward higher education; and
- Developing and maintaining a data base of education contacts in member Chambers nationwide.

In addition, the Center is looking at school finance and the efficiency with which funds are allocated for actual instructional purposes. At this point it appears too much money is being lost to administrative "overhead" and not enough is making its way into the classroom.

Business must be a partner with schools in any successful reform effort. Chambers of Commerce, working with the Center, hold the key to bringing business, education, and community leaders together to work toward common educational goals. Among it many other benefits, we firmly believe that excellence in education inevitably results in decreased drug use.

V. ENTERPRISE ZONES

The Chamber supports the enterprise zone approach as a means of revitalizing decaying or abandoned geographical areas. While drug abuse is a costly problem throughout society, such areas frequently suffer disproportionately from the sale and

consumption of illegal drugs. Enterprise zones providing tax incentives and reducing regulatory barriers to economic progress are a better means to promote revitalization -- and what can be expected to be a marked decrease in drug abuse -- than increased spending. Enterprise zones, by relying on private initiative, can be expected to be a less bureaucratic, more cost-effective means of providing a permanent improved level of economic activity within the zones than traditional government spending programs. By encouraging existing businesses to locate in the zones, by encouraging venture formation, or by providing employment incentives to zone residents or zone employees, enterprise zones can enhance the opportunities available to zone residents and improve the quality of life in the zones, including, once again, decreased drug activity.

However, the number of designated enterprise zones should be small, at first, and the costs, administrative difficulties, and benefits of the zones should be closely monitored and carefully assessed. The emphasis of the enterprise zone approach should be removal of barriers to economic progress in depressed areas. Any federal commitment to a zone should be contingent on significant state and local resource commitment to the zone.

VI. LEGALIZATION - RECIPE FOR DISASTER

As many possible solutions to the drug problem are advanced, it is understandable that some bad ideas will receive serious consideration. Without doubt, the worst of the bad ideas advanced thus far is to legalize drugs such as heroin, cocaine and marijuana. Legalization is not a viable solution to the drug problem. Rather, it is a means of avoiding the problem by simply ignoring it. The proponents of legalization, like the drug addicts themselves, are caught in a tangle of pessimism and misinformation.

Legalization will not improve the situation nor will it begin to address the problems created by widespread drug abuse. In fact, with the exception of reducing some of our

expenses for criminal prosecution of drug dealers, legalization will exacerbate the drug problem and will increase its costs to individuals, business, government and society as a whole.

Now is not the time to even consider admitting defeat in our efforts to address the drug problem. Today, public opinion clearly is against drug abuse. There is evidence suggesting that Americans' abuse of drugs is decreasing[6] and that drug use among teenagers is decreasing. Drug awareness programs have succeeded in alerting most Americans to the substantial dangers of heroin, cocaine, crack, marijuana and other illegal drugs. Business has made substantial progress in addressing the drug problem in the workplace.

Cocaine was legal in the late 1800s and first few years of this century. Its addictive character was not well understood or documented.[7] However, it became apparent that our increasingly industrial and technical economy could not function well with significant numbers of Americans in a constant state of drug-induced impairment. Cocaine availability was restricted to medicinal use and then outlawed for all purposes. We cannot now ignore the lessons of the past, when the dangers of cocaine were not even fully realized, yet measures to restrict its availability and use were implemented. The information available to us today clearly shows that cocaine, as well as heroin, marijuana and other illegal drugs, have a direct and disastrous impact on individuals, business and society.

Most estimates are that over 370,000 infants are born in this country each year with an addiction to cocaine. These "coke babies" start their lives facing the physical and psychological obstacle of detoxification. Coke babies, frequently abandoned at birth, become "boarder babies", spending their childhoods in hospitals and other institutions

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[6] A 1990 study shows that fewer job applicants are drug users (4.3% decrease in the number of applicants who test positive; 1987 - 18.1%, 1990 - 13.8%).

[7] Cocaine was later demonstrated to be highly addictive.

while they deal with the long-term behavioral and psychological effects of their mother's addiction (the ramifications of which are not yet known) in addition to all of the troublesome aspects of growing up without a family. To understand the full impact of caring for coke babies, I strongly urge you to visit a hospital where these infants are born. On my visit to one such hospital, I saw first-hand the horrible effects of cocaine use and gained a better appreciation for the need to restrict, and eventually eliminate, its use.

Other modern countries (e.g., Singapore), when faced with substantial drug problems, have successfully addressed those problems head-on using tough criminal sanctions, education and medical programs. Considering the level of drug control expertise available in this country, the overwhelming support for comprehensive anti-drug measures, and our strong national resolve to address the drug problem, there is no reason that with continued effort by all sectors of our society, we cannot make the "drug problem" merely a sad footnote in American history.

A few prominent journalists and policy-makers have endorsed legalization of drugs as the answer to the problem. These leaders are not only misguided and/or misinformed, but are also compounding the drug problem. In the 1960's, several prominent Americans either advocated legalization of marijuana, and/or other drugs, or suggested their recreational use be decriminalized. While for the most part their position did not prevail, then or now, the message sent a clear signal to some individuals, especially the young, that use of these drugs was acceptable. A similar message is being sent by the current proponents of legalization. Their suggestions, often preceded with "what if...." or "perhaps....", contain the obvious statement that cocaine can be used for recreational purposes and that the dire consequences of such use can be managed or tolerated.

In January 1987, 17 people died and dozens were injured when an Amtrack passenger train collided with a Conrail locomotive using a track reserved for passenger trains. The errant locomotive was operated by an engineer high on marijuana. Were we

to legalize marijuana or cocaine, we will certainly be forced to deal with similar incidents as well as thousands that are less tragic (but still costly) and many that take an even higher human toll. There are critical jobs in transportation, construction, utilities and medicine that cannot be performed by people who are even slightly impaired. Legalization will make such impairment common and its prevention in these and other critical jobs nearly impossible.

Legalization is not an answer. The drug problem, which now taxes every resource and presents seemingly insurmountable challenges, would only grow and become even more unmanageable were drugs to be legalized. We have made significant strides and continued progress is assured. Now is not the time to sound defeat - the fight must go on.

VII. CONCLUSION

The Chamber commends the Committee for conducting this hearing on these very important issues. The business community recognizes the enormity of the nation's drug problem and its costs, both economic and in human suffering. Business will continue to act firmly but fairly to combat drug abuse.

APPENDIX

POLICY STATEMENT
U.S. CHAMBER OF COMMERCE

DRUG AND ALCOHOL ABUSE IN THE WORKPLACE

Our society faces pervasive drug and alcohol abuse problems which pose a significant threat to public health and safety. These problems present substantial social and economic costs and consequences. In the workplace, substance abuse results in decreased productivity and increased absenteeism, accidents, medical claims and employee theft. Drug and alcohol abuse should be addressed in a fair and equitable manner with due consideration of the rights and responsibilities of employers, employees and the public at large. It is appropriate that members of the business community voluntarily commit to a workplace free of drug and alcohol abuse, communicate that commitment to employees and job applicants, and implement appropriate programs and policies to identify and prevent or correct substance abuse and its harmful effects.

The Voice of Business

Richard L. Lesher, President
Chamber of Commerce of the United States

BUSINESS MUST LEAD THE WAR ON DRUGS

"Oh God, that men should put an enemy in their mouths to steal away their brains."

Shakespeare was referring to alcohol, but his anguished cry could apply even more aptly to heroin, cocaine and other illegal drugs that are running rampant in our society today.

The recent deaths of two prominent young athletes have underscored the hazards of drug abuse, focusing the nation's attention on what can only be described as an epidemic.

This is a grave crisis that will not yield to government action alone. The Reagan administration is doing all it can to stem the flow of drugs into this country; the first lady devotes practically all of her public life to educating young people about drugs; and government agencies at the state and local level are applying herculean efforts to the problem.

All of which seems to have no more effect than spitting on a forest fire. The grim truth is that the war on drugs is being lost and no turnabout is possible until every sector of society -- schools, businesses, churches, social groups, charities, all of us -- acknowledge the threat and join hands with government to deal with it.

Business in particular must shoulder a major share of the responsibility. By some estimates, the direct cost of drug abuse to business is over $60 billion a year, measured in lost productivity, increased absenteeism, rising medical costs, more workplace accidents, and stealing by employees desperate to support their expensive

addictions.

More importantly, business bears an obligation to society that transcends its economic interests. Business people wield significant power and influence in their communities. They are looked to for leadership in setting standards of personal behavior and participation in public affairs.

This is not a role that all business people seek or enjoy, but it is ours whether we want it or not. It is imperative that business people take the lead in the campaign against drug abuse in our society.

We must begin with a concerted effort to eliminate drugs from the workplace. It will not be easy and our efforts are certain to stir up a hornet's nest of controversy. But our nation, and especially our young people, face a great peril that will not yield to cautious measures.

I am certain that when business gets out front on this issue, other groups and organizations will rally to our cause and work with us. I am certain also that government officials at all levels are eager to work with us in every way they can to help rid our country of this pestilence.

We have no alternative but to commit ourselves to this cause and resolve to see it through.

# # #

U.S. Chamber of Commerce

Washington, D.C. 20062

THE TRAGEDY AND CHALLENGE OF DRUG ABUSE IN THE WORKPLACE

by
Dr. Richard L. Lesher
President, U.S. Chamber of Commerce

National Conference on Corporate Initiatives for a Drug Free Workplace
Washington, D.C.
June 9, 1988

Today — June 9, 1988 — 5,000 Americans will try cocaine for the first time; nearly 2,000 Americans will be arrested for drug-related crimes; and more than 2,700 boats and planes will smuggle illegal drugs into the country.

Can anyone doubt that American society faces a drug abuse epidemic?

Drug abuse has reached every state, every community, every school district, and virtually every workplace. Drug abuse has reached your workplace.

I. The Legitimate Role of Employers

America is losing the war on drugs. Law enforcement officials cannot win it alone... nor can the government... nor can the schools. It can only be won by a collective effort by all segments of our society — and that most assuredly includes employers.

Employers have the most effective deterrent to drug abuse — the paycheck. Contingency of employment is a powerful incentive for employees to stay or to become drug-free.

Not only do employers have the means to help decrease drug abuse, they also have the incentive.

Drug abuse cost the General Motors Corporation $1 billion last year... $1 billion! Let's put that in perspective. GM's net profits in 1987 were $3.6 billion. Therefore, GM's return on investment could have been enhanced by almost one-third if they had a drug-free work force. The price all of us pay to sustain and support and acquiesce to the drug abusers in our workplaces is staggering.

Let's take a specific corporate example. Some say employers should not test for "soft" drugs like marijuana. They say marijuana is relatively harmless and should not be the concern of employers. However, a major airline lost $19 million when a computer operator who was high on marijuana failed to load a crucial tape into the airline's main computerized reservations system, causing eight hours of down time and erasures. Some would consider marijuana a "soft" drug; some would consider "computer programmer" to be a non-hazardous job for which drug testing would be inappropriate. Chances are the airline with the $19 million loss would disagree.

Drug abuse costs employers $60 billion a year in decreased productivity and increased absenteeism, accidents, medical claims, and employee theft. The human loss and suffering is incalculable.

But there are other substantial, but difficult to calculate, costs as well:

- lower employee morale,
- decreased quality of products or services,
- absenteeism for family members of drug abusers,
- destruction of company property,
- higher insurance rates,
- stolen money or property from the company or co-workers, and
- impaired judgment regarding everyday decisions affecting the company.

The effects — negative effects — of drug abuse on the workplace are pervasive.

Consequently, employers have to address the drug abuse problem. You may not know it; you may not want to do it; but you have no choice.

To date, the business community has "gotten religion" on the drug abuse issue. In 1983, only three percent of the Fortune 500 companies performed any drug testing at all. By the end of 1987, more than 50 percent of the Fortune 500 were testing one or more classes of job applicants or employees.

And the business community will get more religion. In the future, drug testing is going to be used much more extensively by employers, particularly for job applicant screening.

II. Other Reasons for Business Commitment

Beyond the financial incentives that employers have to prevent drug abuse, businesses have other reasons to try to assure that they have a drug-free work force:

- A responsibility to the community. All segments of society must do their part in the war on drugs. Drug abuse is a community problem, a workplace problem, and a human resources problem.
- A fiduciary responsibility to their shareholders. An employer has a responsibility to run the company as efficiently and profitably as possible. To give tacit approval to drug abusers' activities by ignoring their impact on productivity, accidents, and substandard service or defective products could be financial suicide for a business.

- A responsibility to co-workers and the public based on safety and health concerns. Employer liability is a major concern in our increasingly litigious society. A policeman who fails to apprehend every drug dealer is not held accountable. A school teacher who fails to effectively educate each pupil to stay away from drugs is not held accountable. But an employer who fails to prevent the impact of drug abuse in the workplace is held accountable by the courts and its customers time after time for defective products, poor management decisions, workplace accidents, and employee crimes.

III. Magnitude of the Problem

- 65 percent of those entering the full-time work force for the first time have used drugs illegally.

- 23 million Americans use marijuana on a regular basis; six million use cocaine on a regular basis (at least four times a month).

- 60 percent of the world's production of illegal drugs is consumed in the U.S. — a fact that has major ramifications on U.S. business' international competitiveness.

- More than $110 billion is grossed annually from the illegal sale of drugs in the U.S. — more than double the total American farmers take in from all crops and more than double the combined profits of all Fortune 500 companies.

- Illegal drugs are more potent, cheaper, more available, and, in some circles, more accepted than ever before in American society. The threat is greater because the drugs are more lethal. Compared to 1970, marijuana today contains five times more THC — the psychoactive ingredient in marijuana.

IV. The Overall Costs of Drug Abuse

While business pays an exorbitant price for drug abuse by its employees, society at large pays an even higher price. For example, the federal government will spend more than $2.5 billion in 1988 on interdiction, investigation, prosecution, corrections, enforcement, and assistance to state and local governments. Local police departments will spend another $861 million. Drug abuse represents a massive hemorrhage to American society.

Furthermore, drug abuse directly affects us all. Each of us as a consumer, a taxpayer, and a citizen pays a price. When our car insurance rates go up; our houses are burglarized; our taxes go up; and we pay more for products and services because of the increased security, theft, and defective products attributable to drug abuse, we are all paying the price.

Our personal safety and the safety of our families and homes are threatened by the drug abuse epidemic. A recent study of nearly 250 drug addicts found that, over an 11-year period, an average 1,946 crimes were committed by addicts. In one recent year alone, 708,400 suspects were arrested on drug charges... and this does not include robberies and burglaries to support drug addicts' habits where no nexus to drug use was found.

V. How Drug Abuse Affects Employees

Employees with drugs in their systems are:

- 2.5 x more likely to have absences of eight days or more,
- 3.6 x more likely to injure themselves or another person in a workplace accident,
- 5 x more likely to be involved in an accident off the job, which, in turn, affects attendance or performance on the job,
- 5 x more likely to file a workers' compensation claim,
- One-third less productive, and
- Incur 300 percent higher medical costs and benefits.

VI. The Right Employer Response

Time does not permit me to outline what we consider to be the most appropriate and effective employer response to the drug abuse problem. However, the Chamber has published a book entitled "Drug Abuse in the Workplace: An Employer's Guide for Prevention," a book that has been widely-circulated and well-received, and which I commend to your attention. This book includes a comprehensive model drug abuse prevention program for employers.

This 45-point program includes:

- Commitment to a drug-free workplace... an absolutely essential first step,
- Policy development... do your homework, do it first, and do it right,
- Education, training, and communication... employees must know and understand the problem and your policy if they are going to cooperate with and believe in your program,
- Enforcement... fair, consistent and even-handed enforcement is critical,
- Drug testing... which I will talk about in greater detail in a few moments,
- Rehabilitation... the ultimate and most humane goal of employer drug abuse prevention programs,
- Disciplinary action... we need to lay down the law — and enforce it on the "demand" side of the drug equation, and
- Follow-up... monitor legislative and legal developments, evaluate how well the company's objectives are being achieved, and make changes where necessary. The problem is dynamic; your response should be too.

VII. What Not to Do

Also in our Chamber publication is a chapter for employers on "what not to do." What you don't do in your drug abuse prevention program can be as important as what you do. Among the recommendations are:

- Don't misuse your drug abuse prevention program to discipline employees for other purposes, such as substandard performance.
- Don't concentrate testing, searches, or other enforcement actions on any one class of employees.
- Don't confront a suspected drug user one-on-one. This can be dangerous physically and can weaken management's position legally.
- Don't assume supervisors and other management employees do not or cannot have a drug abuse problem.
- Don't implement a verbal policy. A truly effective drug abuse prevention policy is set, in writing, and repeatedly communicated to employees.
- Don't treat workers who test "positive" for drugs differently — discharging some workers, while only suspending or warning others. Similarly, don't provide rehabilitation services selectively.
- Don't take employment action against job applicants or employees based on the results of a single drug test. Always perform a confirmatory assay using a different chemical process.
- Don't address drug abuse in the workplace without also implementing a parallel program on alcohol abuse.
- Don't lose sight of the ultimate goal of a drug abuse prevention program — rehabilitation.

VIII. Drug Testing

Drug abuse is a big problem. It requires a commensurate response. Part of an employer's program often is — or should be — drug testing of job applicants and/or employees. If done properly, drug testing is fair, accurate, and effective. Moreover, it is necessary.

But it is important that employers put employee drug testing in perspective.

First, drug testing is only one component of an overall drug abuse prevention program. Education and employee assistance programs, among other efforts, also are vital to a successful workplace drug abuse prevention program.

Second, the goals of drug testing in particular and employer drug abuse prevention programs overall are: (1) deterrence, (2) rehabilitation, and, ultimately, (3) a drug-free workplace.

Third, employers should do it "right" — or not at all (use of only professional testing services, accredited testers, confirmatory assays using a different chemical process, the preservation of confidentiality as appropriate and feasible).

Finally, even-handed administration and enforcement that is fair, consistent, and fully explained to workers also is essential.

IX. Does Drug Testing Work?

Critics of drug testing claim that it does not work. But drug testing does work. Within two years of instituting drug testing, the Southern Pacific Railroad decreased accidents by 72 percent. Similarly, Armco's National Supply Company plant in Houston undertook drug testingas part of its overall drug abuse prevention program and experienced a two-thirds reduction in its accident rate, a 15 percent increase in productivity, and an increase in product quality and decrease in turnover. The U.S. Navy reduced the rate of "positive" drug tests for its sailors from 47 percent to four percent in just three years, and reported significant improvement in battle readiness. Clearly, drug testing works and employers implement it because it does.

X. Is Drug Testing Instrusive?

Others criticize drug testing because they say it is intrusive and an invasion of privacy. I agree. Drug testing can be somewhat intrusive, even offensive. However, it is no more intrusive than the procedures we all are required to go through by our physicians when we take a physical. Furthermore, submitting to a drug test is far less intrusive than being injured by a co-worker on drugs or losing one's job because a company's productivity and competitive capacity is undermined by drug abusers. There are legitimate privacy and individual rights at stake. And employers should protect these rights as far as reasonably possible. But these rights must be balanced with the larger societal and individual rights at stake — including the rights of co-workers and the public not to be endangered by or exposed to employees who are impaired.

XI. Is Drug Testing Fair?

Others claim that it is unfair to employees and applicants to base an employment decision on the results of a single drug test. Years of schooling or career development can be compromised by a single instance of drug use.

That is exactly the point. It is time to make people more accountable for their actions, and thereby attack the "demand" side of the drug abuse equation. Individuals may jeopardize their careers by engaging in illegal drug use — but it is their decision and their decision alone to do so.

XII. The Answer

It is time for all of us to pay back the drug abuser.

Drug abuse is not a victimless crime. And while our ultimate goal is rehabilitation of the drug abuser, the drug abuser is not the real victim. The real victim is the greater good of society.

What must we do? The answer to our society's drug abuse problems is greater commitment... greater commitment by all Americans. We need tougher laws to punish drug dealers. But we also need tougher penalties for drug abusers, so as to attack drug abuse on the "demand" side.

We need greater commitment from the federal government, state and local governments, our schools — especially our colleges and universities, religious institutions, organized labor, all workers, and the business community. We need more education, more and more effective employee assistance and rehabilitation programs, and more laws at the state level like Utah's and Nebraska's that encourage responsible employer use of drug testing, rather than restrict it.

One corporate executive recently said: "We don't assume that we have a greater drug problem than the nation as a whole." That is the whole point — "the nation as a whole" has an immense drug problem.

Many in the business community still are not aware that they have a problem, and the awful price we pay for drug abuse in the workplace. It is time for every employer to recognize the drug problem that plagues our country and our workplaces, and deal with the problem head on. We cannot wish it away.

Similarly, the labor movement also has to come to grips with drug abuse in the workplace. Some unions, such as the Transport Workers Union, the National Football League Players Association, and the transportation section of the Teamsters, have been very cooperative regarding employer efforts to implement drug testing as part of their drug abuse prevention programs. However, most unions are not doing their part to fight drug abuse. They need to reexamine their priorities, recognize that drug abuse threatens employees more than anyone in the workplace, and put their considerable resources and commitment into the war on drugs.

I issue a challenge to each and every one of you, to the organizations or companies you represent, and to all workers. The challenge is a call to arms in the war on drugs.

The business community faces many threats... threats from foreign competition, unwarranted government intrusion, a liability crisis, and labor instability... but the greatest danger to American employers is the escalating drug abuse problem that is poisoning our society.

You have no option. Join the front lines in the war on drugs.

The Twentieth Century Fund

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TESTIMONY

Before the

HOUSE SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL

by

William J. Grinker

Washington, D.C.
October 3, 1990

I would like to introduce my remarks, by commending you, Mr. Chairman, for keeping this national tragedy before Congress and the public. Your letter of invitation to this hearing cogently pointed out the wide-ranging costs of this drug epidemic to our citizens, our communities, and our institutions.

I welcomed your invitation enthusiastically because I too believe that the billions of dollars being spent on prisons and jails are investments in failure. I too believe that a wise and just society must do more than just lock up addicted offenders. I too believe that drug addicts -- and those without hope and at risk of succumbing to the immediate and mind-numbing gratification of drugs -- must be offered more than just drug treatment. Successful rehabilitation must be supported by job training, education, housing, and other alternatives to drugs and crime.

While I applaud the overall focus of today's hearing -- the effect of drugs on America's productivity and its economic and fiscal health -- I believe I can be most helpful by limiting the scope of my comments to the area I know best: the catastrophic financial and human toll drugs are taking on our poorest communities.

Background

In so doing, I don't plan to denigrate the successful public and private treatment and prevention efforts that already are underway across the nation to wrest America from its infatuation with illicit drugs. A most impressive start has been made. And, it's a tribute to the work of the government and groups like the Partnership for a Drug Free America -- that the most recent National Household Survey on Drug Abuse found that use of the two most common illicit substances -- marijuana and cocaine -- declined 36 and 48 percent respectively between 1985 and 1988. These results hold great promise for large segments of the population.

But, as I recently have learned in disturbing detail, these results don't hold across the board. In doing research for the substance abuse treatment and prevention strategy initiative I now head, my staff and I have criss-crossed the nation visiting treatment programs and officials in 27 communities in 16 states across the country. And from our travels, we learned that the progress being made in combatting drug use has pretty much by-passed those most ravaged by drugs -- those in our poorest neighborhoods.

Contrary to overall national trends, illicit drug use -- especially crack abuse -- among high risk inner-city youth, young women, and among individuals arrested for all types of crimes, has risen over

the past several years. Nationally, 80 percent of persons arrested test positive for illegal substances. Youths caught up in the juvenile justice system are four times more likely to test positive for drug use than their counterparts in the general population. And, most infants testing positive for drugs at birth are born to poor, unemployed, and uneducated young mothers. Best estimates are that close to 100,000 such infants are now being born annually.

It is also true that data from Washington D.C. and several other large cities indicate that the rapid increase in crack use among these highly at risk populations may have peaked, and that usage may be on the decline. But, as overall levels of use remain so high, it would be foolhardy and costly to hail these slight declines as victories.

David Musto, a professor of the history of medicine at Yale University, has convincingly pointed out that the last great anti-drug campaign at the turn of the century was highly successful and that the nation's current "War on Drugs" will probably have similar results. He also points out -- based on past experience -- that while the victory is likely to be won in the middle class, there will be a strong temptation to write off the problem in the inner cities as being irredeemable.

If it's true that we have somewhat ameliorated the destructive effects of drug abuse among the middle class, only to have them

intensified and concentrated among the poor, we are on the way to a dangerous two-tier solution. Settling for change in the middle class and continued suffering among those we've now taken to calling the underclass will, now and in the future, extract a staggering cost from poor individuals, families and neighborhoods, and from society generally.

As we reviewed efforts underway, it also was obvious that there were strong countervailing forces at work in our poorest communities. Although Dr. Musto cautioned that society will be tempted to write off the inner cities as being beyond solution, he also noted that "the most vigorous fighters against drugs in the whole country happen to be in the inner-city." But because these communities are so beset by a range of other problems which drug use only builds upon and exacerbates, these efforts have had far less relative impact than treatment and prevention endeavors targeted at the middle class.

Despite the prevalence and virulence of illicit drug abuse among high risk groups in poor urban communities, overall levels of drug use still are not significantly greater than in more affluent neighborhoods. In part, this is because of the continued positive influence of religion in poor and minority communities. Within these groups, drug use is prohibited and users unwelcome. And, religious leaders, such as Reverend Calvin Butts in Harlem and

Reverend Lee Earl in Detroit, often have provided firm moral leadership to their communities in the War Against Drugs.

Also, in many neighborhoods, there are increasingly effective community organizations offering opposition and alternatives to the drug culture. Of special promise, are community development corporations (CDCs) that have, over the past 20 years, served as tremendous positive forces for change. While their main emphasis has been on creating housing and other economic development activities, many CDCs -- typified by Chicanos Por La Causa in Phoenix, Banana Kelly in the Bronx, and the New Community Corporation in Newark -- have moved beyond bricks and mortar to provide comprehensive and effective human service delivery systems, which include drug treatment. I could cite many other community based organizations such as public housing tenant organizations and settlement houses that are active and effective in this battle.

These efforts, developed and staffed by selfless and dedicated people -- who usually are from the impoverished neighborhoods they serve -- do laudable work that reap positive outcomes. But too often, they work in isolation and are limited in their ability to have a major impact on poverty and deprivation because of inadequate resources. They are able to save a few, while many remain at risk.

Perhaps, coming from New York City where 10 children were shot to death over the summer and many others wounded in predominately drug-related incidents, I am more pessimistic than necessary. But, I don't think so. New York City's urban problems always have been symptomatic of the ills affecting other large cities. We must do more to save our young people from extinction, and to preserve and bolster their communities.

Some distinguished academics say the answer to this societal dilemma rests with a comprehensive restructuring or retooling of the agencies and institutions that serve impoverished neighborhoods, so they can more effectively and successfully serve their constituents. This approach typically includes a wide variety of strategies -- a kind of Marshall Plan approach -- ranging from school-based and other multi-media prevention efforts to restructuring schools, more early childhood education programs, community-based policing, and a variety of other institutional reforms.

Those general strategies are supplemented by family intervention and coordinated access to drug treatment. The rationale for this comprehensive and expensive approach is that the basic institutions of school, community, and even family, must be reformed so that individuals' -- especially childrens' -- activities will be more positive and they will form more constructive attachments to these

institutions. The approach involves treating and serving everyone in the community, not just those deemed troubled.

While I am very sympathetic to the Marshall Plan approach, I'm not optimistic about seeing it undertaken, given current political and fiscal realities. There just isn't enough commitment or political will to reach out to entire communities. If I'm correct in my assessment, our resources must be husbanded and carefully targeted to serve those on the edge of the precipice. Even so, this will require extensive and expensive support and service systems. But, the financial and human costs of ignoring their needs makes the necessity of a comprehensive solution a case of pay now or much more later.

As I said earlier, there are others testifying before you today who are far more qualified than I to speak to the fiscal costs associated with drugs in the workplace or on industrial productivity or on the effect on our ability to be competitive in world markets. Based on my recent work, however, I can give you an idea of the future price tag of ignoring or paying insufficient heed to the dimensions of this problem.

I want to focus on just one segment of this at risk population -- the 100,000 babies who will be born <u>this year</u> with positive toxicologies for cocaine. In round and frightening numbers it may well cost this nation over $10 billion dollars in 1990 dollars over

the course of their lifetimes to compensate for the damage done by the drugs they absorbed while in the womb.

I did not pluck this number out of the air, it is grounded solidly in sad reality. Those who have worked with the first generation of crack babies who are now just entering kindergarten, estimate it will cost $4 billion just to bring them up to a point where they can enter school level with their non-crack affected peers. And, even with intensive early childhood education and other support, about 10 percent of those children will need special education, which will require another $2.5 billion.

Experience has shown that probably half of these children of drug addicts will likely require foster care at some point in their lives, which is an additional $1.5 billion. As children with learning disabilities, who come from poor and often broken homes, are much more likely to have behavior problems and be truant, add another three-quarters billion for those who will have run-ins with the juvenile justice system. And, at least a small percentage of these tragic kids -- who will pass through life with few family ties, little to no education, few job skills, and a host of crack related behavioral problems -- will also probably pass through the adult criminal justice system, to the tune of another $2 billion.

Mr. Chairman, I'm not even considering the costs of teenage pregnancy, the loss of potential earnings power and marketable

skills because of dropping out and inadequate education, the need for future drug or alcohol treatment or the cost of creating another generation of welfare dependency. We can multiply my $10 billion number many times but the end result is the same. This, in sum, is an unnecessary mortgage on our future of immense proportions. And, even more tragic, it is a blight on a nation that holds itself out to be a caring society.

Substance Abuse Strategy Initiative

As I said, my team and I have been working over the past year to come to grips with some of the issues I have just outlined. The most important and obvious lesson we quickly learned was that drug treatment or warnings against drug use alone will rarely be successful. Drugs offer more than momentary pleasure, they also offer a temporary escape from poverty, unemployment, family problems, and an empty future.

Perhaps you said it best in your letter, Mr. Chairman, when you wrote: "Our nation is pouring billions of dollars into a drug treatment system that is essentially unregulated, unaccountable, and, more often than not, unsuccessful. Too many programs treat an addict's substance abuse without any concern for his or her unemployability, illiteracy, or other problems that led to drugs in the first place."

We subscribe to the concept of looking at this issue holistically. With the financial support of several foundations, we have developed a strategy that would attack this problem frontally with an initiative targeted to three populations in high risk low-income neighborhoods:

- o Drug-involved ex-offenders - the most destructive element of this generation;
- o Drug and alcohol involved pre-adolescents - the most destructive force for the next generation; and
- o Infants and toddlers of drug addicted mothers - the hope and despair of generations to come.

Briefly, the basic programmatic designs of our three components are as follows.

First, would be an adult offender program, which would be open to inmates returning to the community who entered treatment while in prison. The program would begin with the development and implementation of a unified assessment, computer vacancy control and tracking system to ensure maximum coordination and follow-up services. The service package would include drug treatment, housing, employment and training, and parental and family responsibility counseling.

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A second component, focusing on at-risk pre-adolescents, would rely on schools to identify candidates. Depending on individual needs, service strategies would include family counseling, exposure to positive role models through mentoring, after-school and summer recreational activities, tutoring and remedial education, and incentives for staying in school, such as guaranteed summer jobs and post high school education or employment.

And, our third component targets infants born with positive drug toxicologies. Hospitals, neighborhood health centers, and child welfare systems would be the primary institutional base for this population. In addition to immediately being enrolled in a highly-structured therapeutic day nursery, these vulnerable babies would have easy access to health care, nutrition services through WIC, and child development training. Case managers would also coordinate parental training, family counseling, family planning, and, where *appropriate, drug treatment.*

Our three components will build upon the strength of existing community-based organizations in poor neighborhoods, providing them with the capacity to strengthen their programs and to develop stronger ties to other organizations, institutions, and government agencies serving their communities. All three components of the initiative would enroll participants for three years, and would feature inter-agency service cabinets made up of representatives of the primary governmental institutions involved in delivering

treatment services to the target population. These cabinets would ensure a coordinated case management effort among all relevant community providers.

Our planned initiative will be carried out by existing neighborhood-based organizations, rather than by newly created entities. Existing organizations already have roots and legitimacy within their communities and have a stake in rebuilding poverty-ridden neighborhoods infested by drugs. The initiative can and should be used by sponsoring organizations as part of a broader process of rebuilding neighborhoods now disintegrating because of a range of individual, family, and social problems.

Operational funding available through the initiative will go primarily for strengthening or enhancing existing programs rather than for creating new services. With additional support, sponsoring organizations will be better able to coordinate and make more effective use of existing resources within their communities.

We also are exploring the more effective use of income support and medicaid payments to achieve service goals. As such, we appreciate your efforts, Mr. Chairman, to win more flexible use of Medicaid payments to pay for drug treatment.

These initiatives are as comprehensive as they are necessary. They would not be cheap, but the costs pale in comparison to the cost of not providing them. The populations we have targeted are now a tremendous burden to society. Federal, state, and local resources now pour into the criminal justice, health and welfare systems and often seem to perpetuate rather than alleviate cycles of poverty, violence, and dependence.

We will need a commitment from both the public and private sectors if we are to mount an effort large enough to first test out the effectiveness of our premise, and later, if it proves successful, to expand the Initiative to additional besieged communities. We have received strong indications from the foundations that have thus far supported our effort that they will continue to do so. These foundations are: The Nathan Cummings Foundation, The Ford Foundation, Conrad N. Hilton Foundation, The Pew Charitable Trusts, and The Rockefeller Foundation. And, other foundations also have indicated their interest. It is <u>crucial</u> that the federal government be an active participant in this endeavor, be willing to do its fair share.

<u>The Need for an Intermediary Organization</u>

To mount the kind of comprehensive program that I have outlined that combines public and private resources, we are recommending

that a new intermediary organization be established as a mechanism for overseeing, guiding, and evaluating these initiatives.

Over the past two decades, central intermediary organizations have proved to be highly effective in undertaking the large scale development and testing of new social policy initiatives. Such organizations as the Local Initiative Support Corporation, and the Manpower Demonstration Research Corporation have made important contributions to creative policy development and implementation.

We believe that in the area of substance abuse such an entity could focus attention and increase understanding of what does and does not work in this field. There are many programs underway and many research studies available on substance abuse, but, all too often, they lack clarity and credibility. Opinion makers and the general public are too often confused and discouraged by the information available and its implications for policy.

In this milieu, an intermediary organization would be a highly effective vehicle for rallying government and private foundations around an action agenda. An intermediary would enable government and the private sector to jointly establish a competent oversight, management, and coordinating mechanism capable of establishing and maintaining quality control standards. Given the status and variety of local initiatives underway, such an organization, national in

scope, could be a leading force in advancing the war against drug abuse to the next level of effectiveness and public understanding.

While I intend to start this effort by creating a not for profit corporation that could be the recipient of public funds through existing executive branch appropriations or through a special line item appropriation from the Congress, I want to also raise the possibility with you of using this opportunity to consider the creation of a federally chartered corporation. Such a corporation would provide a more formal and enduring institution and would signal the seriousness of our resolve. The mechanism has been used in the past -- a recent example is the creation of the Resolution Trust Corporation -- to ensure the efficient handling of issues deemed of urgent importance to this country. Other pressing public needs have been met in this way by the federal government: the Legal Services Corporation and the Corporation for Housing Partnerships, are two examples.

Tellingly, however, federally chartered corporations have generally been created in order to help the government carry out a business mission. We believe that our proposal offers government an excellent opportunity to balance the record. It's time to invest in our human capital. Saving lives has to be as important as shoring up an ailing business enterprise. An upfront government investment in the kind of program I envision, would produce significant and

important returns over time: healthy children, productive adults, lower crime rates, and stable communities.

You only have to travel a few miles from we now sit to view the frightening alternative, the nightmare existence too many of this City's children now endure.

Comparing the nation's bailout of the S&L's to the needs of those affected by drugs may be a guns or butter type of argument, a device I'm usually reluctant to employ. But, in addition to the fiscal wisdom of granting a substance abuse initiative the status of a federally chartered corporation, it is an issue of basic fairness. With the creation of the Resolution Trust Corporation, Congress rescued the futures of many middle class Americans. I am only suggesting that we give the same consideration to the poor.

Mr. Chairman, the economic health of this nation is intimately tied to the quest for social justice. The obstacles that prevent too many in this nation from taking advantage of opportunity -- substance abuse is, after all, a symptom, not the cause of our social ills -- must be eliminated. We must obliterate hopelessness and restore faith in the American Dream for all our citizens.

TESTIMONY

OF

JOSEPH N. WALSH, JR.

VICE PRESIDENT-PERSONNEL

NEW YORK TELEPHONE

BEFORE

THE U.S. HOUSE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

WASHINGTON, D.C.

OCTOBER 3, 1990

GOOD DAY.

MY NAME IS JOSEPH N. WALSH, JR. I AM VICE PRESIDENT OF PERSONNEL FOR NEW YORK TELEPHONE.

FIRST, I WOULD LIKE TO THANK THE MEMBERS FOR THE OPPORTUNITY TO SPEAK BEFORE THIS SELECT COMMITTEE TODAY.

NEW YORK TELEPHONE IS ONE OF THE LEADING PRIVATE EMPLOYERS IN NEW YORK STATE. FROM BROOKLYN TO BUFFALO, 47,000 TELEPHONE MEN AND WOMEN PROVIDE A BROAD RANGE OF TELECOMMUNICATIONS SERVICES TO MORE THAN 7 MILLION HOMES AND BUSINESSES THROUGHOUT THE STATE.

NATURALLY, WE CARE VERY DEEPLY ABOUT WHAT AFFECTS OUR BUSINESS, OUR EMPLOYEES, OUR CUSTOMERS, OUR CITIES AND COMMUNITIES . . . OUR FUTURE. AND I AM TRULY HARD-PRESSED TO CITE A PROBLEM THAT CAUSES MORE HUMAN AND ECONOMIC FALLOUT THAN THE PROBLEMS ASSOCIATED WITH DRUG AND ALCOHOL ABUSE.

SOME OF THE STATISTICS ARE NUMBING:

- ONE OUT OF EVERY 10 CHILDREN IN NEW YORK STATE IS BORN TO PARENTS, ONE OR BOTH OF WHOM ARE SUBSTANCE ABUSERS.
- DRUG ABUSE COSTS SOCIETY AN ESTIMATED $60 BILLION ANNUALLY.
- MORE THAN $33 BILLION A YEAR IS LOST IN UNREALIZED WORKER PRODUCTIVITY BECAUSE OF DRUG ABUSE.
- SOME 80 PERCENT OF THOSE INVOLVED IN THE CRIMINAL JUSTICE SYSTEM ARE DRUG USERS.

AS THIS COMMITTEE KNOWS ALL TOO WELL, WE ARE IN THE MIDST OF A DRUG CRISIS THAT KNOWS NO BOUNDS. IT STRAINS OUR INSTITUTIONS, SIPHONS OUR FINANCES, STUNTS OUR ECONOMIC GROWTH AND LEAVES UNTAPPED THE PRODUCTIVE ENERGIES OF A GENERATION.

IT IS COMMON KNOWLEDGE THAT DRUG ABUSE REFLECTS ONLY THE SYMPTOMS OF FAILURE, NOT THE ROOT CAUSE. IT'S THE VISIBLE MANIFESTATION OF A DEEPER DISORDER. FESTERING BELOW THE SURFACE OF DRUG ABUSE ARE BREAKDOWNS IN OUR SOCIAL INSTITUTIONS: THE LACK OF EARLY INTERVENTION FOR AT-RISK YOUTH; SHORTFALLS IN HEALTH CARE, HOUSING, EDUCATION AND JOB TRAINING. ALL MAKE THEIR DEBILITATING CONTRIBUTIONS TO THE DOWNWARD SPIRAL OF DRUG ABUSE.

BUT SUCH BREEDING GROUNDS FOR TODAY'S DRUG EPIDEMIC ARE BEST ADDRESSED BY SUBJECT MATTER EXPERTS. WHAT I AM PREPARED TO SHARE WITH THIS COMMITTEE IS ONE FACET OF THE OVERALL PROBLEM -- NAMELY, NEW YORK TELEPHONE'S RECENT EXPERIENCES RECRUITING QUALIFIED EMPLOYEES AND ACTIONS WE HAVE TAKEN.

UNFORTUNATELY, THE TRAINING AND EMPLOYMENT ENVIRONMENT HAS CHANGED FOR THE WORSE OVER THE YEARS. TWENTY YEARS AGO, A HIGH SCHOOL EDUCATION PREPARED AN INDIVIDUAL TO QUALIFY FOR AN ENTRY-LEVEL JOB AT A MAJOR CORPORATION. TODAY, FOR MANY, A HIGH SCHOOL DIPLOMA IS OFTEN LITTLE MORE THAN A CERTIFICATE OF ATTENDANCE.

WORSE STILL, ALL TOO MANY STUDENTS IN THE CITIES, THE SUBURBS -- EVERYWHERE -- LEAVE SCHOOL BEFORE RECEIVING THAT DIPLOMA. THE DROP-OUT RATE IN OUR HOME CITY OF NEW YORK, FOR EXAMPLE, IS A STAGGERING 40 PERCENT! AND HEREIN LIES ONE SOURCE FOR DRUG ABUSE. AS THIS COMMITTEE'S BRIEFING PAPER STATES: "ONE FREQUENTLY CHOSEN PATH AFTER DROPPING OUT IS DRUGS."

THE INEVITABLE RESULT OF A POOR EDUCATION IS A SHALLOW POOL OF QUALIFIED PEOPLE FOR BUSINESSES SUCH AS OURS.

JUST A FEW YEARS AGO, IN SEEKING TO FILL SEVERAL THOUSAND SEASONAL AND FULL-TIME JOBS, WE HAD 57,000 APPLICANTS WHO TOOK OUR BASIC EMPLOYMENT TEST -- WHICH CONSISTS OF READING, WRITING AND REASONING ABILITY. ONLY 2,100 PASSED -- OR ABOUT 1 IN 30! SOME COULDN'T EVEN FOLLOW THE DIRECTIONS BECAUSE OF GRAVE READING DEFICIENCIES.

OF THOSE WHO SUCCESSFULLY COMPLETED OUR BASIC SKILLS TESTS, A SIGNIFICANT NUMBER COULD NOT PASS THE DRUG SCREENING. THIS DESPITE A WRITTEN STATEMENT TO THE APPLICANTS BEFOREHAND THAT EACH WOULD BE TESTED.

ALTHOUGH THE RATIO OF SUCCESSFUL APPLICANTS HAS IMPROVED IN SUBSEQUENT YEARS, NEW YORK TELEPHONE STILL IS HARD-PRESSED TO RECRUIT EMPLOYEES CAPABLE OF PERFORMING THE HIGH TECH NEEDS OF THE BUSINESS. AND WE ARE NOT ALONE AMONG EMPLOYERS IN THIS CITY AND STATE THAT ARE HAVING SUCH HIRING DIFFICULTIES.

WHAT DOES THIS DWINDLING LABOR POOL MEAN TO BUSINESSES?

WELL, FIRST, THERE'S THE COST OF RETRAINING AND LOST PRODUCTIVITY, A FIGURE THAT ONE EXPERT PUTS AT $25 BILLION A YEAR NATIONALLY.

ANOTHER CONSEQUENCE IS COMPANY RELOCATIONS. NEW YORK CITY ALREADY HAS LOST A NUMBER OF MAJOR EMPLOYERS, INCLUDING J.C. PENNEY AND MOBIL, AS WELL AS THE BACK OFFICE OPERATIONS OF NUMEROUS BANKS, INSURANCE COMPANIES, CREDIT AND BROKERAGE HOUSES.

OF COURSE, THERE ARE OTHER REASONS WHY BUSINESSES LEAVE NEW YORK AND WHY ENTIRE INDUSTRIES MOVE OFFSHORE -- REASONS SUCH AS TAXES, REGULATORY ENVIRONMENT AND THE HIGH COST OF LABOR.

NEVERTHELESS, NOTHING IS MORE CRITICAL TO EMPLOYERS THESE DAYS THAN A PLENTIFUL POOL OF QUALIFIED WORKERS. THIS IS UNDERSCORED BY PROJECTIONS MADE IN THE VARIOUS YEAR 2000 REPORTS AND THE CELEBRATED NATION AT RISK STUDY. ACCORDING TO PROJECTIONS:

- THE WORKFORCE WILL GROW MORE SLOWLY AND BECOME OLDER AND MORE DISADVANTAGED;
- NEW SERVICE INDUSTRY JOBS WILL DEMAND HIGHER SKILL LEVELS THAN TODAY'S JOBS; AND
- THE MAJORITY OF ALL JOBS BY THE YEAR 2000 WILL REQUIRE POST-SECONDARY EDUCATION.

THESE DIRE DEMOGRAPHICS ARE NOT PROBLEMS OF THE YEAR 2000 OR EVEN THE LATE 1990S. WE'RE FACING THESE PROBLEMS RIGHT NOW.

WE IN THE BUSINESS COMMUNITY CONFRONT THEM EVERY DAY. TODAY, COMPANIES ARE SADDLED WITH PROVIDING THEIR EMPLOYEES WITH REMEDIAL TRAINING ALONGSIDE TECHNICAL DEVELOPMENT, WITH SUBSTANCE ABUSE COUNSELLING NEXT TO PHYSICAL FITNESS CENTERS. AND THAT'S AFTER A POTENTIAL EMPLOYEE CAN BE IDENTIFIED AND RECRUITED.

TELL ME, HOW CAN WE AS A COMPANY AND AS A NATION COMPETE IN THE EMERGING GLOBAL ECONOMY BURDENED BY THE HUGE TOLL THAT DROPOUTS, SUBSTANCE ABUSERS AND OTHER INADEQUATELY PREPARED EMPLOYEES EXTRACT FROM A COMPANY IN TERMS OF LOW PRODUCTIVITY, ACCIDENTS, ABSENTEEISM AND POOR PRODUCT QUALITY?

FOR SOCIETY, IT MEANS A LOST GENERATION -- ONE WHERE MANY OF ITS MEMBERS ARE WITHOUT THE RESOURCES TO LIVE RESPONSIBLY AND PRODUCTIVELY.

AND FOR THE YOUTH THE DANGERS ARE STILL MORE IMMEDIATE. THEY TEETER ABOVE A BOILING POT OF SOCIAL TRAGEDIES THAT AWAITS A FIRST WRONG STEP. AND THAT FIRST STEP IS USUALLY OUT THROUGH THE DOORS OF A SCHOOL.

INITIALLY THERE'S ALMOST CERTAIN UNEMPLOYMENT FOR THE DROPOUT. BUT BEYOND THAT, THERE ARE DRUGS, CRIME, POVERTY AND HOMELESSNESS.

IT'S ESTIMATED THAT EACH YEAR'S CLASS OF HIGH SCHOOL DROPOUTS COSTS THE NATION $240 BILLION IN LOST EARNINGS AND FOREGONE TAXES. THEN ADD BILLIONS MORE FOR CRIME CONTROL AND FOR WELFARE, HEALTH CARE AND OTHER SOCIAL SERVICES THIS GROUP REQUIRES. AND NOW WE HAVE AN EPIDEMIC.

HERE IN NEW YORK STATE THE WARNING ALARMS RING LOUDLY:

- ONE MILLION DROP OUT OF SCHOOL EACH YEAR. THAT'S THREE TIMES THE POPULATION OF THE CITY OF BUFFALO.
- AMONG THOSE WHO DO GRADUATE, 700,000 ARE FUNCTIONALLY ILLITERATE -- MEANING THEY CANNOT UNDERSTAND A NEWSPAPER STORY, READ A MAP, FOLLOW A BUS SCHEDULE OR FILL OUT A JOB APPLICATION.

- THE NUMBER OF THOSE ABLE TO READ AT THE LEVEL REQUIRED FOR MOST PROFESSIONAL AND TECHNICAL JOBS CONTINUES TO FALL -- NOW DOWN TO FEWER THAN FIVE PERCENT.
- NINETY PERCENT OF MALE INMATES IN NEW YORK CITY PRISONS ARE HIGH SCHOOL DROPOUTS -- AND IT COSTS $57,670 A YEAR TO HOUSE ONE PRISONER.

CLEARLY, NOT EVEN THE BAREST MINIMUM OF SKILLS STANDARDS ARE BEING MET FOR WOULD-BE JOB SEEKERS.

YOU KNOW, IN BUSINESS THE FIRST RULE OF QUALITY IS TO ENSURE THAT ALL INTERNAL STANDARDS ARE MET BEFORE THE PRODUCT IS MOVED TO THE NEXT STEP OR LEVEL OF PRODUCTION.

ANYTHING LESS MEANS THAT YOU'RE SIMPLY THROWING THE PROBLEM OVER THE WALL TO SOMEONE ELSE WHO WILL ONLY BE LESS ABLE TO FIX IT. THE PROCESS MAY CONTINUE BUT THE PRODUCT REMAINS FLAWED AND DOOMED TO FAIL. THIS IS WHAT'S HAPPENING IN OUR EDUCATION SYSTEM.

IN TOO MANY INSTANCES, ONE LEVEL OF EDUCATION -- SAY, A JUNIOR HIGH OR INTERMEDIATE SCHOOL -- DOES NOT MEET THE NEEDS OF THE HIGH SCHOOL -- THE NEXT "CUSTOMER," IF YOU WILL, IN THE EDUCATION PROCESS.

WITH SO MUCH "THROWING OVER THE WALL" THROUGHOUT THE SYSTEM, IT'S NOT SURPRISING THERE ARE SUCH LARGE GAPS BETWEEN THE NEEDS OF EMPLOYERS AND THE SKILLS-LEVEL OF THE STUDENTS SO MANY OF OUR SCHOOLS ARE PRODUCING.

NOW, NEW YORK TELEPHONE IS <u>NOT</u> GOING TO LOWER THE STANDARDS IT EXPECTS FROM ENTRY-LEVEL EMPLOYEES. ON THE CONTRARY, TOMORROW'S SERVICE INDUSTRY JOBS WILL DEMAND EVEN HIGHER SKILL LEVELS THAN TODAY'S JOBS.

NEW YORK TELEPHONE HAS A STAKE IN NEW YORK. WE'VE BEEN A PART OF THE NEW YORK SCENE FOR MORE THAN 100 YEARS! AND WE'LL BE PART OF THE COMMUNITIES WE SERVE FOR DECADES TO COME. SO, SOME YEARS BACK WE COMMITTED TO MAKE A DIFFERENCE, TO HELP BREAK THE CHAIN.

NOT ACTING MEANS OPENING THE DOORS FOR THOUSANDS MORE TO ENTER A CYCLE OF DESPAIR THAT STARTS WITH THE LACK OF A PROPER EDUCATION AND ENDS IN DRUGS, CRIME, POVERTY AND HOMELESSNESS.

TO HELP NEW YORK STATE PRODUCE STUDENTS WHO CAN READ, WRITE, COMPUTE AND ASPIRE TO BECOME PRODUCTIVE MEMBERS OF SOCIETY, WE FORGED PARTNERSHIPS BETWEEN BUSINESS AND EDUCATION; SET UP IN-HOUSE LEARNING CENTERS; ENLISTED EMPLOYEE AND RETIREE VOLUNTEERS AS TUTORS AND MENTORS; AND SPONSORED ACHIEVEMENT AWARDS, INTERNSHIPS, ADOPT-A-CLASS PROGRAMS, JOB FAIRS AND MUCH MORE.

TAKE PROJECT LIVE -- LEARNING THROUGH INDUSTRY VOLUNTEER EDUCATORS. HERE OUR EMPLOYEES TUTOR 7TH AND 8TH GRADERS WHO ARE SEVERAL YEARS BEHIND CLASS LEVEL IN BASIC MATH AND READING SKILLS. THESE EMPLOYEES DONATE ONE HOUR OF THEIR OWN TIME, AND NEW YORK TELEPHONE DONATES A SECOND HOUR TO THE PROGRAM EACH WEEK.

THROUGH OUR MENTORING PROGRAMS, NEW YORK TELEPHONE VOLUNTEERS SERVE AS ROLE MODELS TO MIDDLE SCHOOL STUDENTS. THE MENTORS HELP THE STUDENTS ACADEMICALLY AND ARE ALSO FRIENDS AND SOURCES OF ENCOURAGEMENT. THIS YEAR, IN COOPERATION WITH THE NEW YORK CITY BOARD OF EDUCATION AND THE NEW YORK ALLIANCE FOR THE PUBLIC SCHOOLS, NEW YORK TELEPHONE ENGINEERS ARE MENTORS AND TECHNICAL CONSULTANTS TO 8TH AND 9TH GRADERS INTERESTED IN TELECOMMUNICATIONS.

ANOTHER ONE-TO-ONE PROGRAM IS OUR APPLIED ECONOMICS AND PROJECT BUSINESS CURRICULUM. APPLIED ECONOMICS PROVIDES NEW YORK CITY HIGH SCHOOL SENIORS WITH SKILLS IN OPERATING A SMALL BUSINESS. PROJECT BUSINESS IS AN ECONOMICS AWARENESS PROGRAM DESIGNED TO SUPPLEMENT AN 8TH OR 9TH GRADE SOCIAL STUDIES CLASS. IN BOTH PROGRAMS, TELEPHONE EMPLOYEES TEACH THE CLASS ONE PERIOD A WEEK IN COOPERATION WITH THE TEACHER.

BECAUSE WE AS A COMPANY BELIEVE IN A "SHOWING BY DOING" APPROACH," WE CONTINUE TO EDUCATE STUDENTS ABOUT WHAT WE KNOW BEST -- TELECOMMUNICATIONS:

- THROUGH "READING WORKS," WE ARE TARGETING AT-RISK 4TH GRADERS AND, USING CLASSROOM READING SKILLS EXERCISES, ACQUAINTING THEM WITH THE TELECOMMUNICATIONS INDUSTRY.
- AT THE HIGH SCHOOL LEVEL, TWELVE STUDENTS RECENTLY COMPLETED HANDS-ON TRAINING IN VOICE AND DATA COMMUNICATIONS AT OUR TELEPHONE TECH TRAINING CENTER IN BROOKLYN, NEW YORK.
- THIS YEAR, WE PLACED 250 HIGH SCHOOL AND COLLEGE INTERNS IN JOBS THROUGHOUT THE COMPANY AS PART OF OUR SUMMER INTERNSHIP PROGRAM.
- FORGING ALLIANCES WITH THE NEW YORK ACADEMY OF SCIENCE AND THE QUEENS MUSEUM, WE ARE BRIDGING AN INTEREST IN THE SCIENCES AMONG MINORITY STUDENTS.
- THIS FALL, IN COOPERATION WITH THE CITY UNIVERSITY OF NEW YORK, WE ARE PILOTING A TUITION-FREE CONTINUING EDUCATION PROGRAM IN TELECOMMUNICATIONS TECHNOLOGY FOR JUNIOR HIGH SCHOOL TEACHERS.

Further, New York Telephone contributes significantly to various education initiatives. In 1990, we have earmarked some $2.4 million dollars for education. We also have allocated some $3.6 million for health and welfare programs such as the United Way, the National Council on Alcoholism, Phoenix House, Women in Crisis and Family Support Systems Unlimited, to name but a few.

Underlying New York Telephone's education programs is the belief that partnerships between business and education are among the most successful ways to make a dent -- to impress on these young minds the value of the classroom over the streets.

New York Telephone's education partnership efforts begins in the top ranks of the business.

The president of the Company is chairman of the Board of Trustees of the State University of New York. He serves on the Governor's School and Business Alliance Task Force and on the Board of Directors of the Fund for New York City Public Education. He also is chairman of the New York City Partnership's management task force for education, which is assisting the city's Board of Education in launching Chancellor Joseph Fernandez' flagship initiative -- School-Based Management/Shared Decision-Making.

Other Company executives are liaison to educational bodies and initiators of diverse business-education outreach programs.

New York Telephone is not alone in these efforts. Other companies in the State are just as active in education outreach programs.

YET MORE CAN AND MUST BE DONE -- NOT JUST BY THE PRIVATE SECTOR, BUT BY GOVERNMENT, GOVERNMENT AT EVERY LEVEL. AMONG GOVERNMENT'S FOREMOST RESPONSIBILITIES IS TO PROVIDE A PUBLIC EDUCATION THAT PRODUCES LITERATE GRADUATES. MORE, A SYSTEM THAT CHALLENGES STUDENTS TO STAY IN SCHOOL, TO HAVE ASPIRATIONS, TO SEEK GOALS -- TO FOSTER AN EDUCATED, EMPLOYABLE POPULACE AND BREAK THE RELENTLESS CYCLE OF DRUG ABUSE, POVERTY AND CRIME.

MONEY IS ONE PART OF THE PROBLEM. FUNDS HAVE BEEN SLASHED FOR MANY ENRICHMENT PROGRAMS THROUGHOUT THE STATE; WITHDRAWAL OF TITLE I STATUS IN MANY SCHOOLS HAS BURDENED TEACHING LOAD AND CLASSROOM SIZE; AFTERSCHOOL PROGRAMS ARE DWINDLING; TEACHING SALARIES AS A CAREER INCENTIVE REMAIN PITIFULLY UNCOMPETITIVE; AND SUCCESSFUL DRUG PREVENTION PROGRAMS MUST BE IDENTIFIED AND EXPANDED.

GOVERNMENT MUST TAKE THE LEAD, MOBILIZING A NEW "MARSHALL PLAN" FOR EDUCATION. SURE, BUSINESS AND VOLUNTEERISM CAN AND DO PITCH IN. BUT THE EDUCATION PROBLEM WE FACE IS TOO BROAD, TOO PERVASIVE, TOO OVERWHELMING FOR AN EASY FIX BY LOCAL BUSINESS AND WELL INTENTIONED ORGANIZATIONS. MORE FRIGHTENING STILL ARE THE CATASTROPHIC CONSEQUENCES OF GOVERNMENT INACTION.

SUCCESS REQUIRES COOPERATION -- COOPERATION BETWEEN GOVERNMENT, THE PRIVATE SECTOR AND EDUCATION. WITH GOVERNMENT AS A CATALYST, THE PRIVATE SECTOR CAN BUILD EVEN STRONGER TIES WITH SCHOOLS THROUGH A WEALTH OF PROVEN PROGRAMS -- MENTORING, TUTORING, SPONSORING, TRAINING. MOST IMPORTANTLY, BUSINESS COULD WELCOME AND REWARD THE NEWLY EDUCATED AND PROPEL THEM INTO THE AMERICAN MAINSTREAM -- DRUG FREE.

I'M THE FIRST TO ADMIT THAT I DON'T HAVE ALL THE ANSWERS TO THE EDUCATION AND DRUG PROBLEMS WE ARE FACING. BUT ONE THING IS CERTAIN. IF LARGE NUMBERS OF THIS GENERATION CONTINUE TO DROP OUT OF THE EDUCATION MAINSTREAM, THEY WILL FAIL . . . AND THEY WILL STUMBLE . . . AND THEY WILL MOST LIKELY FALL INTO THE OBLIVION OF POVERTY, CRIME AND DRUGS. AND THEN WE ALL FAIL -- BUSINESS, SOCIETY AND THE ECONOMY. AND THAT'S AN INTOLERABLE AND UNTENABLE SITUATION.

THESE HEARINGS COULD POINT THE WAY FOR GOVERNMENT TO TAKE THAT VITAL LEADERSHIP ROLE.

THANK YOU.

# # #

SUBMISSION FOR THE RECORD

THE SENTENCING PROJECT

Young Black Men and the Criminal Justice System: A Growing National Problem

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(EXCERPTS ONLY)

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Findings

* Almost one in four (23 percent) Black men in the age group 20-29 is either in prison, jail, on probation, or parole on any given day.

* For white men in the age group 20-29, one in 16 (6.2 percent) is under the control of the criminal justice system.

* Hispanic male rates fall between these two groups, with one in 10 (10.4 percent within the criminal justice system on any given day).

* Although the number of women in the criminal justice system is much lower than for men, the racial disproportions are parallel. For women in their twenties, relative rates of criminal justice control are:

  Black women - one in 37 (2.7 percent)
  White women - one in 100 (1 percent)
  Hispanic women - one in 56 (1.8 percent)

* The number of young Black men under the control of the criminal justice system -- 609,690 -- is greater than the total number of Black men of all ages enrolled in college -- 436,000 as of 1986. For white males, the comparable figures are 4,600,000 total in higher education and 1,054,508 ages 20-29 in the criminal justice system.

* Direct criminal justice control costs for these 609,690 Black men are $2.5 billion a year.

* Although crime rates increased by only 2 percent in the period 1979-88, the number of prison inmates doubled during that time.

These findings actually understate the impact of present policies upon Black males ages 20-29. This is because the analysis presented here covers criminal justice control rates for a single day in mid-1989. Since all components of the criminal justice system admit and release persons each day, though, the total number of persons processed through the system in a given year is substantially higher than the single day counts. For this reason, the proportion of young Black men processed by the criminal justice system over the course of a year would be even higher than one in four.

Implications for the "war on drugs"

National drug policy director William Bennett's drug strategy similarly emphasizes a law enforcement approach to a social problem. This approach is likely to result in even higher rates of incarceration for Blacks and Hispanics since drug law enforcement is largely targeted against "crack," more often used by low-income Blacks and Hispanics. As drug offenders make up an increasing share of the prison population, the non-white prison population will become disproportionately larger. In Florida, for example, Blacks inmates now make up 73.3 percent of all drug offenders, compared to 53.6 percent of prison admissions for other offenses.8/

The Bennett proposal to lock up more offenders is hardly a novel one. For more than twenty years, politicians have campaigned on this basic platform. A continued emphasis on law enforcement at the expense of prevention and treatment has little hope of achieving long-term results.

The need for a broad approach to crime and crime control

The problem of crime is one that can not be solved entirely by the criminal justice system. Even with the most resourceful police, prosecutors, judges, and corrections officials, the criminal justice system is designed to be only a reactive system, not one of prevention.

At the same time that the nation has engaged in a criminal justice control strategy over the past decade, funding to address the conditions that contribute to crime has declined. While the criminal justice system has processed young Black men in great numbers, the official unemployment rate for Black men ages 16-24 remains at 24 percent. (Adding the numbers of persons discouraged from or not "officially" in the labor market would result in a significantly higher figure.) It is time now to "experiment" in crime control by attacking those social factors that many believe provide a more direct link to crime, such as unemployment, poverty, and substance abuse.

Conclusion

The problem of crime is a complex one and will not be resolved overnight. Rather than viewing the solution as hopeless or too long-term, though, there are real and immediate actions which can be taken to prevent the next generation of Black males from further swelling the ranks of correctional populations.

Some of these steps involve a change in priorities and emphasis within the criminal justice system. Programs and policies exist in jurisdictions around the country which offer models of more constructive resolution of criminal justice problems.

Addressing the conditions which lead to crime in the first place is a broad agenda which requires serious thought, attention, and action. The decisions made today, though, in the areas of policy, programs, and funding, will determine whether the criminal justice system exerts as much control over the next generation of Black males as it does for the current generation.